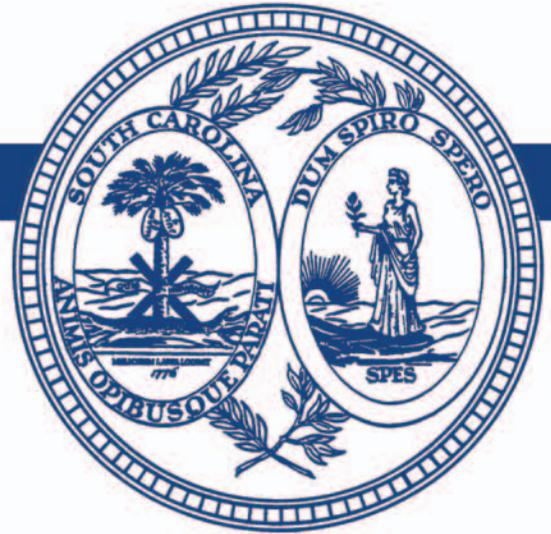


STATE OF SOUTH CAROLINA

# EXECUTIVE BUDGET

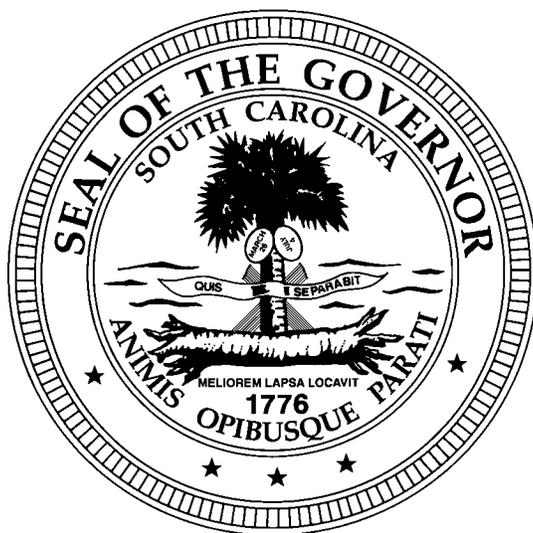
FISCAL YEAR 2005-06



**MARK SANFORD**  
GOVERNOR

# **Executive Budget**

## **Fiscal Year 2005-06**



**January 5, 2005**

*Submitted by*

**Mark Sanford**  
**Governor**  
**State of South Carolina**

*to the*

**116<sup>th</sup> General Assembly of South Carolina**  
**First Session**



# State of South Carolina

## Office of the Governor

MARK SANFORD  
GOVERNOR

PO BOX 12267  
COLUMBIA, SC 29211

January 5, 2005

To the Citizens of South Carolina and the Members of the South Carolina General Assembly:

As with our first executive budget, the following pages lay out this administration's policy and spending initiatives. From a policy perspective, we continue to push to reform our tax code so that we're more competitive on the economic development front, focus on education reforms that provide more choices to parents and put more dollars into the classroom, restructure state government so it is more efficient and accountable to the taxpayers, and improve the quality of life for all South Carolinians.

Even though the funding priorities of the administration remain education, health and social services, economic development, law enforcement, and natural resources we took a new approach to the budgeting process.

Historically state budgets have been focused on the general fund increases or reductions to individual agencies. This year we asked agencies to submit their funding requests by activities they perform. These more than 1,500 activities were divided into purchasing priorities regardless of the agency performing them. They were then analyzed by teams made up of state employees, board appointees, private citizens and advocates – each being asked to wear their citizen hat. This new budgeting process allowed us to more easily identify duplication of services, inefficiencies in delivering government services, and underperforming functions of government.

Using this new approach, we "purchased" those items that deliver the greatest result to the taxpayer, identified savings of over \$160 million and made tough decisions to suspend some activities currently performed by government. We have also dedicated over \$200 million to begin reducing our state's debt load and restoring monies we have "borrowed" from trust funds in recent years.

While financial times for the state may begin to look brighter in the months and years ahead, we have again presented a balanced budget without raising taxes or raiding trust funds. In the coming months I look forward to working with the General Assembly to continue to limit the growth of government while working to provide excellent customer service, cost-efficiencies, and results to the citizens of South Carolina.

Mark Sanford

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# Executive Summary

### Mission Statement

The mission and goals of this executive budget are very similar to the ideas we laid out in our FY 2004-05 Executive Budget. Our objective is to present to the General Assembly a balanced state budget that, without raising taxes, begins restoring monies taken from trust funds, provides essential services to the citizens of South Carolina, and wisely invests our state's finite resources in the priority areas of education, economic development, health and social services, law enforcement, and natural resources.

This executive budget is also a vehicle for achieving this administration's policy goals which are to run the state's finances and fiscal policy like a business; fix the unaccountable and inefficient management structure of state government; innovate and improve achievement in education; emphasize economic development to create new jobs and make our state more business friendly; and meet the health care challenge for our citizens. This administration's top policy goals were unveiled in a five-point Contract for Change with the people of South Carolina in the Fall of 2004. Specifically, the Contract identified the following five goals to accomplish in the upcoming legislative session:

- ✓ Income Tax - In an effort to be more competitive in attracting jobs and investment, we propose reducing the state's top marginal tax rate from 7 percent to 4.75 percent over six years.
- ✓ Government Restructuring - We propose restructuring state government to accomplish two goals – first, improve the delivery of services to our citizens, and second, increase accountability to the people we serve.
- ✓ More Educational Choices for Parents – In an effort to spark transformative change in our education system, we propose providing more flexibility to local school districts and giving parents more choices in education through charter school legislation and a tax-credit for parents to allow them to invest in greater educational opportunities for their children.
- ✓ Civil Justice Reform – As a means of staying competitive with other states and to prevent reduced health care access, we propose a \$300,000 cap on non-economic damages; a cap on punitive damages; fair share liability; a limit on venue shopping; and the admissibility of seat belt evidence.
- ✓ Updating the Senate Rules – Changes to the status quo can be slowed or stopped through a small minority or, at times, just one senator. We urge the South Carolina Senate to update the rules to prevent a handful of senators from stopping debate through arcane procedural maneuvers.

We will continue to work with members of the General Assembly in the upcoming legislative session to enact these changes. The Contract is a chance for the public and this administration to hold the process accountable for implementing reforms that will allow South Carolina to be more competitive. We are putting forth this budget in accordance with the principles laid out in the Contract. This executive budget is built around the basic tenets of the Contract and the principles of sound fiscal practices.

### Goals

- Submit a balanced budget without raising taxes, tapping reserves, raiding trust funds, borrowing against the future or using fiscal gimmicks.
- Limit the growth of government to the increase in population plus inflation.
- Appropriate funds based on a rational assessment, from the citizen's perspective, of the relative importance of the activities of government.
- Invest in activities that return the biggest benefits to our state or produce the most desirable outcomes.
- Produce a citizen-friendly budget that provides average taxpayers with a transparent way to see how their government spends their dollars.
- Improve jobs and economic growth.
- Decrease the size of state government by consolidating agencies, boards and commissions, and strengthening the cabinet form of government.
- Fund Medicaid again with recurring dollars at a level that maintains core health care benefits for the poor, elderly, and disabled.
- Protect and improve K-12 education by simplifying funding streams, increasing dollars going to the classroom, and increasing the amount appropriated for the Base Student Cost.
- Restore holes left in agency budgets from the reliance of one-time "Maybank Money."
- Honor the promises and obligations of prior years (e.g., begin restoring monies taken from trust funds and reserves taken from the State Health Plan and Insurance Reserve Fund).
- Begin to reduce our recent growth in debt.
- Provide pay increases to targeted groups of state employees and cover increasing costs of health coverage for all state employees without any increase in employees' health plan contributions.
- Begin the process of reforming our retirement system so that we can honor our commitment to our state's retirees.
- Competitively source the non-core functions of government so that our finite resources can be better used in fulfilling agencies' core missions.
- Reduce reliance on one-time funding for recurring costs (annualizations).

### Approach to Attaining Goals

While our goals are largely the same as last year, we took a more organized approach to attaining them this year. Last year we made targeted reductions to agencies' base budgets based on our priorities and potential areas of savings. This led, for the most part, to a fairly typical budget debate that only focuses on the margins of general fund spending. This year, rather than focusing on the margins – the five to ten percent of general fund increases or reductions – we also focused our attention on the 90 to 95 percent of spending from all sources of funds that is not often analyzed.

It is difficult to overestimate the difference in scope in analyzing \$300-\$500 million in spending versus \$16 billion – especially for a small staff. So we started early, even before the end of the last legislative session, and enlisted the help of many people outside of our office – state employees from cabinet agencies, our appointees to boards

and commissions, private citizens, advocates, and even a retiring legislator. Staff from the Office of State Budget and legislative analysts from both the House Ways and Means and Senate Finance committees brought extensive knowledge of state spending to the process and were especially helpful in working with us to break spending into activities. We are hopeful that this unprecedented cooperation between the executive and legislative branches on the state budget can be continued through this session and in the years ahead.

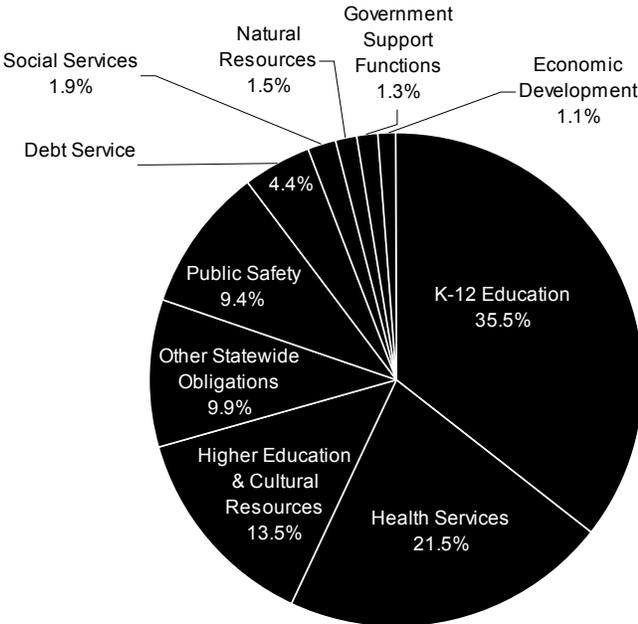
We asked agencies to lay out their spending based upon activities and outcomes as opposed to traditional spending lines such as “personnel” and “other expenses.” We identified eight broad goals for the state and sorted the 1,525 activities into these goal areas without regard to the agency that submitted them. We divided up into “results teams” by goal area to analyze these activities and their outcomes and to look for duplication or ways to achieve our goals more efficiently. A large part of that process was the two and ½ hour budget hearings held for each goal area, where agencies with related missions were invited to discuss their activities with the Governor, his staff, and the members of the results teams. We asked the participants to analyze these activities from a citizen and taxpayer perspective, rather than from an agency perspective.

The ideas and suggestions that resulted from this process are numerous and their combined savings of over \$160 million will be discussed in the pages to come. The final step was to spread the dollars available to us across the goal areas and purchase activities from the top of our priority list down, until we ran out of money. The cumulative result is that because of this activity-based prioritization process, there are about 67 activities (or 4.4 percent of our total number of 1,525 activities) that we recommend not investing state dollars into this year – the activities that “fell below” the spending line. This is not to say that these activities do not have merit – most, if not all, of them do and could perhaps continue to exist without our tax dollars funding them. However, budgeting should be about weighing the relative merits of activities and funding the ones that provide the greatest benefit. In the collective opinion of this administration and our results teams, these activities did not provide as good an investment of the public’s resources as the other 95.6 percent of the activities. While some will certainly disagree with our prioritization, we believe this process is the most responsible way to allocate the public’s resources and have used it in putting together our recommendations which are summarized under the eight goal areas in this section.

On the following two pages we have provided aggregate summaries of the broad areas where both general and total funds are allocated in the current budget compared with our recommendations for the upcoming budget year. Although some of the changes may seem small on a fractional basis, it is important to emphasize that each tenth of a percent of spending equates to approximately \$5 million in general funds and \$17 million in total funds. We have also provided a one page graphic showing a big picture view of our spending decisions. Other than fees, this page shows all state funding in our proposed budget including General Reserve Fund, Capital Reserve Fund, surplus funds, Education Improvement Act funds, and Education Lottery funds. The line is drawn to provide examples of what activities we recommend purchasing and which ones fell below the line.

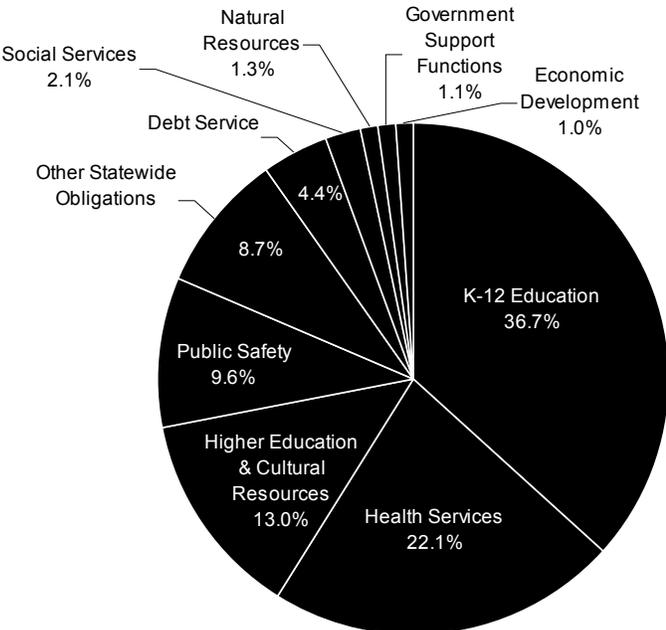
**Summary Comparison of General Fund Expenditure**

**Current Budget – FY 2004-05 General Funds Expenditures**



Category	Dollars in Millions
K-12 Education	1,856.2
Health Services	1,120.3
Higher Education & Cultural Resources	704.1
Other Statewide Obligations	518.1
Public Safety	492.3
Debt Service	228.0
Social Services	97.7
Natural Resources	80.2
Government Support Functions	70.4
Economic Development	55.1
<b>TOTAL</b>	<b>5,222.4</b>

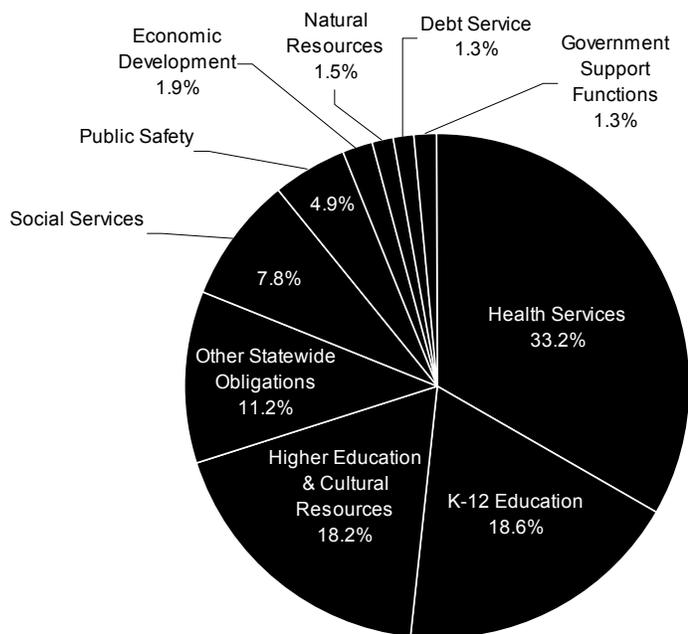
**Governor's Purchase Plan – FY 2005-06 General Funds Expenditures**



Category	Dollars in Millions
K-12 Education	1,947.9
Health Services	1,175.3
Higher Education & Cultural Resources	690.8
Public Safety	510.9
Other Statewide Obligations	461.6
Debt Service	232.3
Social Services	109.3
Natural Resources	66.7
Government Support Functions	60.6
Economic Development	52.7
<b>TOTAL</b>	<b>5,308.1</b>

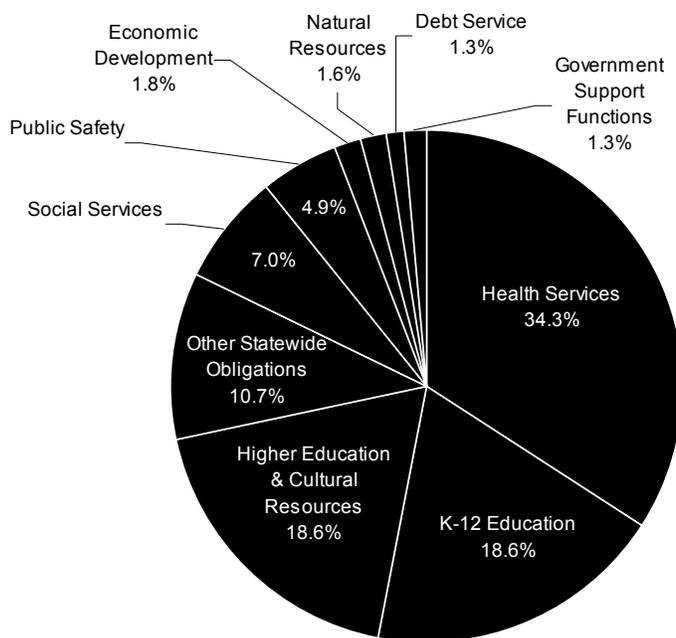
## Summary Comparison of Total Fund Expenditures

### Current Budget – FY 2004-05 Total Fund Expenditures

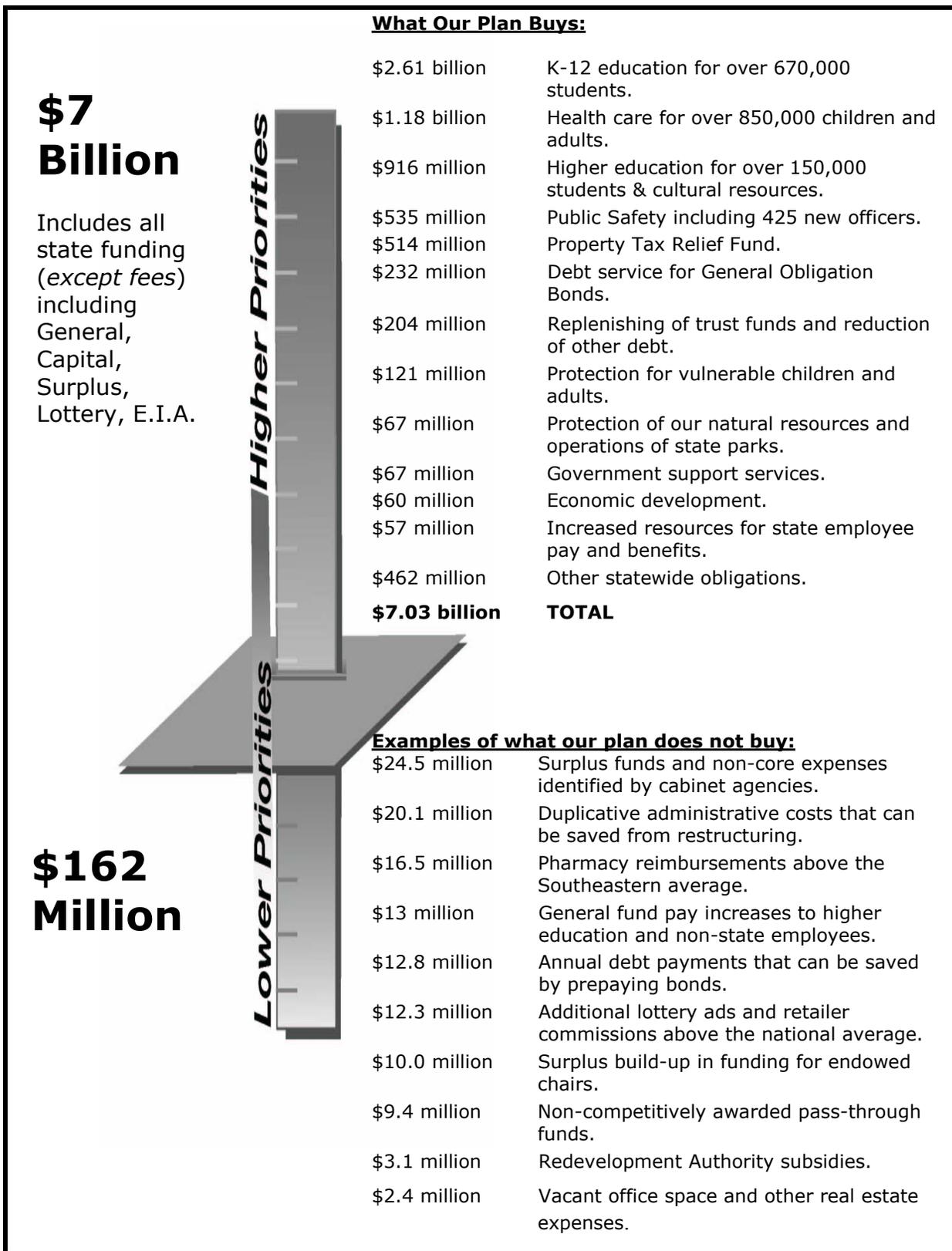


Category	Dollars in Millions
Health Services	5,616.7
K-12 Education	3,144.9
Higher Education & Cultural Resources	3,076.7
Other Statewide Obligations	1,898.9
Social Services	1,326.9
Public Safety	837.0
Economic Development	315.6
Natural Resources	252.2
Debt Service	228.0
Government Support Functions	223.2
<b>TOTAL</b>	<b>16,920.1</b>

### Governor's Purchase Plan – FY 2005-06 Total Fund Expenditures



Category	Dollars in Millions
Health Services	6,066.1
K-12 Education	3,299.3
Higher Education & Cultural Resources	3,292.2
Other Statewide Obligations	1,887.9
Social Services	1,235.9
Public Safety	862.6
Economic Development	314.8
Natural Resources	277.6
Debt Service	232.3
Government Support Functions	223.5
<b>TOTAL</b>	<b>17,692.2</b>



## ***I. Make Government more Efficient and Effective***

### **Fix the structure**

As we mentioned last year, Article IV of the South Carolina Constitution designates the Governor as the state's "supreme executive authority." In reality, however, the ability of South Carolina governors to fulfill their responsibilities is limited significantly by the large number of constitutionally-elected offices and a high degree of agency autonomy and duplication. South Carolina state government ranks 46<sup>th</sup> in the nation in single source accountability for the day-to-day operations of state government. This inefficient structure exists outside the executive branch and extends throughout state government. State agencies often provide similar or related services without ever communicating with one another. This so-called "silo" structure often results in duplication of services, poor coordination, and unnecessary overhead costs. For these reasons, our budget proposes an 18 percent reduction in the number of state agencies from 87 to 72. Most of these specific changes will be addressed in the pertinent goal area but the following have a statewide impact:

- Have the Governor and Lieutenant Governor run together, on a single ballot.
- Make the following cabinet positions appointed by the Governor: Adjutant General, Commissioner of Agriculture, Secretary of State, and Superintendent of Education.
- Create a new cabinet agency called the Department of Administration and transfer to it executive branch functions currently performed by the Budget and Control Board and the Governor's Office.

### **Provide for our state's employees and retirees**

- Provide over \$28 million in new funding for state agency heads for targeted raises for critical front line employees or to use for incentive pay plans or bonuses. This would allow salary increases of approximately seven percent for critical positions such as officers at the Department of Corrections.
- Provide over \$28 million in general funds, along with a few changes in the State Health Plan, in order to have no premium increases for state employees and retirees in 2006 – the first time in five years we will not have increased employee premiums.
- Earmark all of next year's "Maybank Money" toward increasing the solvency of our State Health Plan by replenishing the reserves that have been depleted in the past several years.
- Begin to reform our retirement system in order to make it financially sound and reduce our \$4.2 billion, 27-year unfunded liability so that we may keep our promises to current and future retirees by proposing the following:
  - Move the system back to 30-year retirement for newly hired employees.
  - Eliminate the Teachers and Employees Retention Incentive (TERI) retirement option for newly hired employees and all double-leave

- payouts to provide agencies with an estimated \$7 million in cost avoidance in the upcoming year.
- Reform the way that the state pays for cost of living adjustment (COLA) increases for retirees.
- Unify the management of the system's investment portfolio, along with providing more flexibility to invest in equities.
- Adopt the federal maximum guidelines for hotel and travel reimbursements as many other states have done.
- Modernize our human resource policies to better allow managers to manage their agencies and divisions. Simplifying some of our policies and holding agencies to the average standards for human resources support services will save the taxpayers of our state millions of dollars.

### **Improve savings and returns from state assets**

- We have worked over the past year with the Budget and Control Board to find surplus property that can be sold in the next 18 months, including the Mental Health facility on Bull Street in downtown Columbia. We believe that these properties will bring in excess of \$50 million and that half of these funds should be used for deferred maintenance and the other half should be used for retiring real estate debt and other bonds.
- We have identified nearly \$1.4 million in savings in the Columbia area from better utilization of state-owned and leased office space.
- The South Carolina Public Service Authority (Santee Cooper) Board has discussed sending a portion of their surplus available to the state for economic development; if they elect to do so, we would recommend that it be used to fund the Capital Access Program and the Community Economic Development Act at the Department of Commerce (Commerce).
- We have identified \$2.5 million in funds at the South Carolina Research Authority that could be granted to the three research universities for specific projects. We propose that \$1 million of these funds be provided to the Hollings Cancer Center at the Medical University of South Carolina (MUSC) for cancer research and prevention, \$1 million be provided to University of South Carolina (USC) for nanotechnology research, and \$500,000 be provided to Clemson for wireless research.

### **Make good on our financial commitments**

- Hold the line on spending to a 3 percent increase in recurring funds, as set forth in the Fiscal Discipline Act.
- Hold the line on the total increase in recurring and non-recurring spending to the current year's estimated increase in population plus inflation of 4 percent.
- Restore "raided" trust funds – a total of approximately \$158 million allocated to the funds listed below:
  - \$28.3 million of the surplus dollars plus \$50 million in recurring funds to fully restore the General Reserve Fund

- \$8.6 million to the Insurance Reserve Fund
- \$25 million to the Barnwell Trust Fund
- \$942,290 to the Pinewood Trust Fund
- \$45 million or more of “Maybank Money” to the State Health Plan
- Pay off over \$49 million in bonds and long-term debt in order to reduce the state’s debt load, save \$4.3 million in interest expense, and free up \$12.8 million in recurring dollars for recurring needs.
- Pay \$2.4 million in debt that the Ports Authority owes the Army Corps of Engineers.

### **Provide other reforms to improve government efficiency**

- Provide \$318,000 so that the State Ethics Commission can offer electronic filing of disclosure statements online which will allow the public more access to information about public officials, candidates and their supporters.
- Allocate \$585,570 for a legislative Sunset Commission to provide a continuous examination of state government agencies.
- Provide \$400,000 for an executive branch Inspector General.
- Provide \$1,059,727 in state matching funds for the Help America Vote Act.
- Allocate \$3 million to replenish the reserve monies used for the state’s portion of the required match for federal assistance in case of natural disasters such as ice storms, floods, or hurricanes.
- Provide \$2 million to help agencies with one-time costs that may result from restructuring.
- Save \$3 million by reducing general funds to the Department of Revenue that were provided for one-time spending items this year.
- Save \$400,000 by reducing general funds for the Department of Revenue by allowing them to spend surplus funds dedicated to the South Carolina Business One Stop project.
- Provide \$7,326,000 in funds for an integrated financial management and reporting system for the state on the condition that the General Assembly enact restructuring of the CIO function to give it the proper oversight authority and increase its accountability by moving it to a newly created Department of Administration.
- Save nearly \$2.5 million by reducing the CIO’s office staffing levels to peer benchmarks as set forth by the Gartner Group.
- Provide \$400,000 for a plan to consolidate the state’s more than 2,000 computer servers, which should lead to an estimated \$2.5 million in annual savings on server maintenance and tens of millions of savings in cost avoidance in future server purchases.
- Save \$12.3 million that will be dedicated to education by reducing advertising expenses and commissions paid by the Lottery Commission.
- Save \$458,956 by eliminating the office of the State Engineer.
- Save \$1,125,000 by either eliminating or making self-sufficient some of the ancillary human resource functions offered by the Budget and Control Board.

- Save \$110,940 by consolidating the functions of the Procurement Review Panel with the Administrative Law Court.
- Save \$161,902 by not providing additional monies to the Civil Contingency Fund as it has a current balance in excess of \$170,000.

## ***II. Improve the Conditions for K-12 Student Performance***

In this budget we focus on ensuring that K-12 education dollars are spent in the most effective place – the classroom. To that end, through a method called “backpacking,” we are recommending that specific program dollars are better served if rolled into one pool of money that would be allocated to each school on a “money follows the student model.” The Board of Economic Advisors (BEA) estimates that the total per student expenditure from all sources will equal \$9,826 per pupil next year. One component of that number includes funding from the Base Student Cost. Cost savings combined with new recurring dollars to K-12 and rolling selected education items into the Education Finance Act (EFA) will allow us to increase the Base Student Cost by \$361 to \$2,213 per pupil. If these funds are not backpacked into the EFA, the Base Student Cost would be \$1,944. We are also holding harmless the school districts that would receive fewer dollars under the backpacking funding method by appropriating an additional \$23.2 million to their classrooms.

While this budget does send more money into the classroom, we do not believe that funding alone will solve all of our school performance issues. We also believe in injecting real market reforms to our system of K-12 education and, therefore, propose expanding charter school options and enacting a universal tax credit program. Our budget moves this process forward by, among other things, proposing the following:

- Provide an increase of \$133.9 million in new recurring dollars for K-12 education from general funds and Education Improvement Act (EIA) funds.
- Use \$34 million less in lottery funding to K-12 as a result of significantly less lottery funds projected to be available next year. This was partially accomplished by funding reading programs with recurring general fund dollars rather than one-time lottery revenue.
- Allocate additional funds to the EFA to increase the Base Student Cost by \$361 (to \$2,213 from \$1,852) and provide an estimated \$9,826 in total funds per student according to the BEA.
- Allocate \$23.2 million the first year to “hold harmless” the districts that would be negatively impacted by backpack funding.
- Allocate \$53 million in funding to increase teachers’ salaries to the Southeastern average plus \$300.
- Look more holistically at how the state spends all of its educational dollars. Instead of budgeting piecemeal from the different funding sources (EFA, EIA, Education Lottery, general appropriations, local and federal), we propose consolidating 26 programs into the EFA formula.

- Make the Superintendent of Education appointed by the governor rather than elected, and transfer the duties of the State Board of Education to the Superintendent.
- Provide the State Department of Education with control over all five of the state's special schools as well as Educational Television (ETV). We estimate that these consolidations would result in recurring administrative savings of \$1.3 million, which we have redirected into the Base Student Cost.
- Accelerate the charter school movement by funding a state-level chartering entity.
- Follow the lead of other states by providing incentives for National Board Certified teachers to work in our areas of greatest subject or geographic needs. We propose that all teachers who achieve certification after December 2005 receive a \$3,000 bonus and those who also teach in those critical needs areas receive an additional \$4,500 bonus. (Note: bonuses to teachers who are already in the program and to teachers who have completed the program by December 2005 will continue to be funded at \$7,500 per year plus fringe).
- Reform our assessment testing practices in order to provide our teachers with better diagnostic information sooner, and to lessen test fatigue on our students. Reducing our assessment costs to a total of \$21 million – twice the per student cost of Georgia and three times the cost of Idaho – will allow us to allocate an additional \$2.7 million to the Base Student Cost.
- Save \$250,000 in general funds by requiring students at the Governor's School for Science and Mathematics to pay the same annual fees paid by students at the Governor's School for Arts and Humanities.
- Save an estimated \$26 million in duplicative costs at the local level in the next budget year by requiring all school districts to have a minimum of 2,500 students by the 2006-07 school year.
- Implement alternative choices for schools that are in need of technical assistance.
- Make the endowment arm of ETV self-sufficient in order to allocate the \$369,488 in general fund savings to the Base Student Cost.

### ***III. Improve our Higher Education System and Cultural Resources***

Unfortunately, politics, as opposed to a coherent statewide strategy, has too often been the driving force in our system of higher education. As a result, we have 33 public colleges and universities operating 79 different campus locations, and an average cost of higher education that has increased from 110 percent of the national average to nearly 120 percent in the past year alone. The average tuition for each sector of our higher education institutions has increased by well over 50 percent in the past four years versus a Consumer Price Index increase of 6.3 percent and a national Higher Education Price Index (HEPI) increase of 12.1 percent. As a result of these increases, South Carolina recently received an "F" in affordability from the National Center for Public Policy and Higher Education. Information from the National Association of State Budget Officers shows that South Carolina spent 17.1 percent of our total budget on higher education in the last fiscal year – nearly 70 percent higher than the national average of 10.5 percent.

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In fact, our percentage of total expenditures for higher education was the second highest in the Southeast and seventh highest in the country. There is too much waste and duplication in the higher education system and not enough focus on core missions that coincide with our economic efforts as a state. We begin efforts to change this system with the following proposals:

- Limit our state's skyrocketing tuition increases to the Higher Education Price Index to help make college more affordable for our citizens.
- Begin strengthening the oversight ability of the Commission on Higher Education by providing an additional \$250,000 to their Academic Program Review to better allow the agency to identify duplicative or underutilized higher education programs.
- Realize first-year savings of \$962,549 by phasing out USC-Salkehatchie and USC-Union over three years.
- Save \$110,622 by collaborating between neighboring USC-Sumter and Central Carolina Technical College for resource and curriculum development.
- Cut one percent (\$3,122,760) in appropriations to the three state research universities (Clemson, USC and MUSC) to encourage the elimination of duplicative programs and better collaboration, such as the pending merger of the MUSC and USC pharmacy schools.
- Dedicate \$1 million in funding from the South Carolina Research Authority for the Hollings Cancer Research Center at MUSC as previously mentioned, \$1 million for nanotechnology research at USC, and \$500,000 for Clemson University's Wireless Communication Program.
- Save \$2,813,403 by holding all institutions to the average benchmark of non-instructional higher education employees.
- Save \$165,881 by moving certain institutions' public service activities off of general funds as most other South Carolina universities have done.
- Save \$283,405 by moving certain institutions' athletic programs off of general funds as most other South Carolina universities have done.
- Eliminate Francis Marion University's state funding for the Omega Project.
- Eliminate state funding for the South Carolina Student Legislature and the Governor's School at the College of Charleston and encourage them to become self-sufficient without state tax dollars.
- Eliminate funds for the accreditation of Lander University's School of Business (it is now accredited) and add \$287,500 to the University's operating funds.
- Eliminate funds for the co-ed initiative at The Citadel and add \$832,500 to the university's operating funds.
- Eliminate funds used to pay contract lobbyists employed by institutions of higher education.
- Save \$496,812 by consolidating the Institute for Archeology and Anthropology with the functions of the Department of Archives and History.
- Save \$450,942 in administrative costs by creating a new agency called the Department of Literary and Cultural Resources and consolidating the Department of Archives and History, the Arts Commission, the Museum Commission, and the State Library under it with the current commissioners continuing to serve in advisory capacities.

#### ***IV. Improve the Conditions for Economic Growth***

While the national economy continues to slowly improve, our state's economy is lagging behind in the recovery. Too many South Carolinians have lost their jobs, and not enough employers are in a position to hire workers. South Carolina is being held back by a state tax and regulatory system that punishes work, savings, and investment. We believe that should change if South Carolina is going to reach its full potential. We propose changing the current anti-job income tax structure and advancing other specific economic growth initiatives to create a fertile and competitive economic environment for all businesses. Among the proposed changes are the following:

- Reduce the state's 7 percent top marginal income tax – effectively the highest in the Southeast and fifth highest in the nation – to 6.75 percent next year and 4.75 percent over 6 years.
- Move \$61.6 million in Workforce Investment Act funds to the Department of Commerce (Commerce) to allow for better coordination of training programs related to companies looking to expand or relocate to South Carolina.
- If funds are made available from Santee Cooper for economic development, utilize \$3 million to begin a Capital Access Program to provide seed money that will encourage private financial institutions to make tens of millions in small business loans.
- If funds are made available from Santee Cooper for economic development, utilize \$1 million to provide first time funding for The Community Economic Development Act of 2000, which is designed to support projects and activities of community-based, non-profit organizations that are focused on improving the quality of life and creating economic opportunity through partnerships in low-income communities.
- Provide \$1,998,501 in new recurring revenue in order to fund the Department of Parks, Recreation and Tourism (PRT) advertising.
- Provide \$700,000 in new recurring revenue in order to fund Commerce marketing and project management.
- Provide \$293,307 in new recurring revenue in order to fund the employment standards and OSHA divisions at the Department of Labor, Licensing and Regulation.
- Take total fund savings of \$400,000 (\$126,177 in general fund and \$273,823 in Maybank Money that would have been made recurring) at the Department of Insurance due to increases in other funds and use those dollars to triple the staff of the Insurance Fraud Division in the Attorney General's Office.
- Save \$400,000 through an improved advertising contract negotiated by PRT.
- Eliminate \$2,588,774 in direct pass through funds at PRT and Commerce and restore \$1,165,043 in additional funding for competitive grants programs to be awarded based upon merit to generate net general funds savings of \$1,423,731.
- Reduce duplication and save \$134,841 by consolidating the staff from the Office of Local Government with the Community Development Block Grant program.

## ***V. Improve the Health of our Citizens***

Managing the rising cost of health care is one of the biggest fiscal challenges we face as a state. Unlike many other areas of the economy, demand for critical health services does not necessarily decline as money gets tighter. Even as the state's revenue growth has slowed, spending growth in health care programs has rapidly accelerated. For the amount of money the state allocates toward health care each year, we believe that we must improve in this area. In conducting our own review of how the state funds health care, we found that South Carolina's approach is ripe for reforms.

We believe that a better approach to improved outcomes and more efficient cost management in health care may lie in improving the health status of our citizens on the front end, and thereby reducing the demand for health services on the back end. Our budget develops programs that reconnect medical need with appropriate treatment, particularly in the area of chronic illnesses, and implements the principles of disease management. In addition, we focus on increasing successful prevention programs; improving the effectiveness and efficiency of the Medicaid service delivery system and the accuracy and efficiency of the Medicaid eligibility process; and increasing accountability and productivity through a better health care agency structure. We believe that we can help meet the health care challenge by enacting the following proposals:

- Increase Medicaid funding by over \$47 million in recurring general funds to once again provide recurring dollars for this crucial program.
- Establish Medicaid Choice, a new opportunity for Medicaid beneficiaries to choose health care options that work best for them and their families.
- Increase funding for nursing homes with an additional \$7,803,104 in general funds to replace lowered federal funding and still ensure our rates are competitive with other Southeastern states.
- Significantly increase physician reimbursement rates from their current average rate of 77 percent of Medicare to maintain adequate access in Medicaid and to provide incentives to participate in medical homes.
- Increase recurring general funds for hospitals by \$13,558,855, which will be paired with federal matching funds to increase hospital reimbursement rates.
- Provide \$5 million in new funding for Prevention Partnership grants in order to support the best prevention programs offered by private sector, non-profits, and government.
- Allocate an additional \$1 million to help Medicaid expand screening for breast and cervical cancer for uninsured or underinsured women under 200 percent of the poverty level. This funding will allow us to lower the age of eligibility for screening from 47 to 18.
- Redirect \$1 million for cancer prevention and research to the Hollings Center at MUSC from the South Carolina Research Authority.
- Require by proviso that prevention programs in state government be coordinated with the Prevention Partnership grants coordinator at the

Department of Health and Human Services to ensure the state's prevention efforts are following a unified, coherent, and effective strategy.

- Focus on management of disease and high-risk conditions to improve health outcomes and achieve cost-savings.
- Increase funding for Crisis Stabilization by \$3 million to decrease the number of patients left waiting in the emergency rooms or jails for appropriate mental health professional services.
- Provide \$2,311,828 in increased funding to reduce the waiting list for Community Training Homes by redirecting cost of living increases for non-state employees.
- Make prescription drugs available to more than 800,000 South Carolinians by increasing funding by \$15,756,014, bringing general funds to \$164,697,785. This increase will be off-set, however, by ten percent in savings that will result from instituting a more accurate, market-based benchmark to determine our prescription drug reimbursements.
- Eliminate funding for numerous special "pass through" projects that avoid the normal deliberative budget process.
- Remove public funding for some well-intended but lower priority projects like the AHEC Library Information Service.
- Provide Early and Periodic Screening, Diagnostic and Treatment Services for over 11,000 children.
- Increase recurring funding for assuring public health services by \$3,708,828.
- Increase recurring funding for Veterans Nursing Homes by \$941,793 to support those who have served our nation.
- Increase recurring funding for Inpatient Alcohol and Drug Treatment by \$1.2 million and for Traditional Mental Health Care Services for citizens in need by \$1,387,166.
- Increase recurring funding for Adult Development and Supported Employment by \$1,326,264.
- Increase recurring funding for early intervention programs by \$2,304,102 for those with disabilities and special needs.

In order to take full advantage of new funding and advances in medicine, we need to improve the efficiency and accountability of our health care delivery systems through long-overdue restructuring. We propose to:

- Consolidate our state's fragmented health care agencies into two agencies: a Department of Health Oversight and Finance to provide health care funding and oversight, and a Department of Health Services (Health Services) to provide health care services.
- Transfer the public health functions of the Department of Health and Environmental Control (DHEC) to a Public Health Division of Health Services (consolidation would result in recurring savings of \$4.57 million).
- Make the Department of Mental Health (DMH) a division of Health Services. Devolve powers of the Mental Health Commission to the director of Health

Services and retain the commission as an advisory board. Consolidations would result in recurring savings of \$6.28 million.

- Make the Department of Alcohol and Other Drug Abuse Services a division of the Department of Health Services.
- Make the Department of Disabilities and Special Needs a division of Health Services. Devolve the powers of the Department of Disabilities and Special Needs Commission to the director of Health Services and retain the commission as an advisory board. Consolidations would result in recurring savings of \$1.98 million.

## ***VI. Improve Protections and Well-being for our Children and Adults***

Our priorities for improving the protections and well-being for children and adults are to improve conditions for permanent, stable and safe living environments; increase opportunities for self-sufficiency and economic independence; and raise the economic status of individuals living below the poverty line. We accomplish these goals by increasing support to the frontlines – direct services and financial assistance to citizens in need – while at the same time ensuring our limited dollars are spent on effective and efficient activities. Many of these frontline services have been drastically cut over the past few years and some were funded with non-recurring “Maybank Money.” For example, the Department of Social Services is dependent on Maybank Money for approximately 20 percent of its budget this year. Because we believe these frontline services are essential to achieving our goal to improve protections and well-being for our most vulnerable citizens, in this budget we propose to increase recurring funding and redirect funding from ineffective or duplicative activities to these services as follows:

- Increase recurring funding by \$670,957 for child protective services to investigate reports of suspected child abuse or neglect.
- Increase recurring funding by \$877,960 for foster care services for children who are no longer able to stay safely in their homes.
- Increase recurring funding by \$371,927 for adoption services to find safe, loving and stable homes for foster children with a plan for adoption.
- Provide \$750,000 for adoption incentives which we proposed restoring in our budget last year to continue to help adoptive families pay for legal costs to adopt a child.
- Increase recurring funding by \$992,661 to help eligible adults with disabilities find competitive job placement.
- Increase recurring funding to \$331,708 to help eligible blind and visually impaired individuals find competitive job placement.
- Increase recurring funding by \$2,363,603 for temporary assistance to needy families with children for job preparation and placement to enable them to become self-reliant.
- Increase recurring funding for food stamps and other food programs by \$3,163,875 to help low income families maintain employment, provide adequate nutrition, and decrease dependency.

- Provide \$11.5 million in one-time funding from the Capital Reserve Fund to meet the state's obligations in regard to the federally-mandated child support collections computer system at the Department of Social Services.
- Increase recurring funding by \$490,739 for adult protective services for vulnerable adults living in non-institutional settings.
- Fund for the first time the Office of Aging's Long Term Care Ombudsman program with \$310,000 to support the greater need for investigative services for residents in long term care facilities with complaints of abuse, neglect, exploitation, and other problems which have increased 50 percent in the past four years.
- Redirect \$310,000 from salary supplements of non-state employee contractors that provide aging services to fund the higher priority of the Long Term Care Ombudsman to investigate complaints of abuse and neglect by residents in long term care facilities.
- Provide an increase of \$200,000 for prevention of blindness services for individuals and \$75,000 for children in need of medical eye care who have no medical insurance or financial resources to pay for necessary care.
- Save \$229,754 by enacting the Legislative Audit Council's recommendation that the Business Enterprise Program at the Commission for the Blind become self-supporting.
- Save \$646,094 in administrative duplication by merging the Vocational Rehabilitation Department with the Commission for the Blind to form a Department of Rehabilitative Services and redirect those savings into direct client services at these agencies.

### ***VII. Improve the Quality of our Natural Resources***

Our unique quality of life in South Carolina is directly connected with the quality and diversity of our natural resources. In recognition of that connection, our budget focuses on providing tools for our citizens and agencies to be effective in the conservation of those resources and the enhancement of our quality of life. However, the current structure hampers our ability to efficiently reach goals in improving the quality of natural resources. We propose creating a new cabinet agency called the Department of Environment and Natural Resources (DENR) and consolidating it under it a newly-created Division of Environmental Protection (to assume DHEC's environmental programs), the Department of Natural Resources (DNR) and the Forestry Commission (Forestry). This would devolve the powers of all associated commissions to the director of DENR and retain the commissions as advisory boards. These consolidations result in recurring savings of slightly more than \$2.4 million. In addition to providing for these changes, our budget streamlines programs that are not central to statewide goals of conservation and enhancement and concentrates funding for activities that are consistent with core missions in natural resources. Our budget applies these principles through the following:

- Provide full funding of \$15 million for the South Carolina Conservation Bank.
- Begin to replenish raided trust funds designed to protect our state's natural resources by allocating nearly \$26 million to the Barnwell and Pinewood Trust Funds as mentioned earlier.
- Increase recurring funding for Forestry by \$940,296 for Wildland Fire Suppression and personnel to replace Maybank Money.
- Provide \$1.1 million in Capital Reserve Funds to purchase new vehicles for the Forestry Commission's Fire Suppression efforts.
- Save \$4 million in other funds by reforming the Water Recreation Fund and the County Game and Fish Fund to use those funds for the following:
  - \$1.5 million to hire approximately 40 new DNR officers.
  - \$2 million for a new competitive grants program.
- Increase recurring funding by 50 percent for Clemson Public Service Activities' (Clemson PSA) Animal Health and Diagnostic Lab to further their mission of protecting public health and the livestock industry.
- Increase recurring funding by ten percent for the meat inspection program at Clemson PSA.
- Save \$1.8 million through reducing the forestry program at Clemson PSA that could either be funded by the Forestry Commission or private industry if it is needed.
- Redirect the \$5 million in one-time funding that was already made available for renourishment at Hunting Island to increase recurring funding to existing core natural resource activities.
- Eliminate state funding for mariculture and aquaculture research at DNR.
- Competitively source non-core park services to save an estimated \$1,410,000 annually.
- Consolidate Forestry law enforcement functions with DNR law enforcement under the newly formed DENR to save \$170,164.

### ***VIII. Improve the Safety of People and Property***

While there have been improvements within the state regarding the safety of people and property over the past several years, South Carolinians continue to face greater personal and property risks than the national population. Our Mileage Death Rate is significantly higher than the national average and we have been ranked in the top three states over the last three years in terms of the percentage of highway fatalities involving alcohol. Such safety concerns have been exacerbated as budget cuts have dramatically reduced the number of troopers on the road and the number of officers guarding inmates over the past several years. As public safety is a cornerstone of a civil society and a good quality of life, we recommend the following changes in order to begin rebuilding our law enforcement network:

- Provide \$5.3 million in funding to hire 100 new Highway Patrol troopers and 15 officers (10 State Transport Police officers, 5 Bureau of Protective Services officers).

- Provide \$3.9 million from the Capital Reserve Fund to purchase 115 new vehicles and pay for other non-recurring costs associated with the new troopers and officers.
- Allocate \$3.6 million in new recurring funding for highway traffic enforcement at the Department of Public Safety (DPS).
- Allocate \$1.4 million from the Capital Reserve Fund to renovate the Criminal Justice Academy.
- Provide \$7.2 million to provide for an additional 71 guards at the Department of Corrections (Corrections) and provide recurring operating funds for three 256-bed facilities.
- Provide \$5 million from the Capital Reserve Fund for facility maintenance at Corrections.
- Provide \$1.8 million in Capital Reserve Funds to purchase vehicles, radio and security equipment, such as metal detectors, at all Level II and III Institutions at Corrections.
- Provide \$3.8 million to improve security and allocate additional resources to place greater controls on contraband at all Level II and Level III institutions (medium/maximum).
- Provide \$4.4 million in Capital Reserve Funds to purchase a freezer and food service warehouse at Corrections that, combined with a new dairy facility, will provide for annualized savings of \$1.6 million.
- Provide \$456,765 to decrease inequities in services offered to male and female juveniles at the Department of Juvenile Justice (DJJ).
- Give \$3.1 million to increase security ratios beyond the minimums set by the federal district court at DJJ.
- Provide \$2.3 million in Capital Reserve Funds to replace one dorm at DJJ.
- Provide \$2.6 million in Capital Reserve Funds for a new Information Technology Network Infrastructure at DJJ.
- Provide \$1.5 million in recurring funding for investigative services at SLED.
- Allocate \$2 million in Capital Reserve Funds to purchase vehicles for existing SLED agents as well as the ten new agents they plan to add this year.
- Provide \$990,786 in recurring funding for the enforcement of game, fish and related natural resource laws at the Department of Natural Resources (DNR).
- Provide \$1.9 million in recurring funding for regular community supervision at the Department of Probation, Parole and Pardon Services (PPP).
- Save \$425,000 by combining the Parole Boards at the DJJ and the PPP.
- Save \$1.1 million by combining the administrative functions of the Department of Probation, Parole and Pardon Services with the Department of Corrections.
- Save \$6 million by reducing general fund appropriations to the Department of Motor Vehicles (DMV) as their revenues have substantially increased in the last year due to the availability of more online services and the new uninsured motorist penalties that were enacted last year.
- Save \$280,255 at DMV and \$833,124 at DPS through DMV's recent move to the DPS building in Blythewood.
- Provide \$200,000 in one-time funds in order to save \$600,000 at DPS through consolidating dispatch centers.

- Free up an additional \$1.6 million to be used for DNR officers and enhance customer service by outsourcing the registration and titling of watercraft and outboard motors from the DNR to the DMV.
- Save \$253,091 by moving administrative hearings for driving cases from the Department of Motor Vehicles to the Administrative Law Court.
- Save \$100,000 by coordinating the functions of the Office of Highway Safety and the Office of Justice Programs with DPS.

### **Additional Information**

More details of agency activities can be found at the Office of State Budget's website at <http://www.budget.sc.gov/OSB-agency-activity.phtm>. Further specific highlights of the Governor's Purchasing Plan for each goal area can be found later in this document starting with Improving K-12 Student Performance on page 89. The Governor's complete Purchasing Plan by goal area can be found in Appendix A; the complete Purchasing Plan by agency can be found in Appendix B; and the complete Savings Proposals can be found in Appendix C.

# Budgeting for Outcomes

## The Emergence of a New Budgeting Process

**In government, as in most realms of life, we find it easier to do what we've always done, simply because we've always done it. Only on rare occasions—usually at times of crisis—do we step back to gain a broader perspective, erase all our preconceived ideas and routine behaviors, and take a fresh look at how to make the most of our limited time and resources.**

– David Osborne & Peter Hutchinson, *The Price of Government*

Traditionally, governments have budgeted by taking each agency's current spending level – its base budget – and then adding or subtracting dollars to make the overall budget balance. Agencies are then forced to protect that budget by proposing and justifying each of their expenditures while making any cut seem as painful as possible. In this scenario, the executive and the legislative branches typically try to dig for waste to cut but are often compelled to make across-the-board cuts to avoid treating any one agency "unfairly." Rather than focusing on priorities, we too often cut funding for our best and most essential activities just as much as we cut funding for our worst.

Throughout the session, the legislative bodies and the executive branch usually blame each other for cuts or revenue raising measures while agencies and special interests take advantage of the chaos to lobby for their programs. It is a very messy process that too often ignores what is best for the taxpayer.

The typical budget process focuses only on the margins of spending. While South Carolina's total budget is over \$16 billion dollars, the debate mostly centers on the approximately \$5 billion in general funds. Even then the debate is only on the edges, as the conversation usually concerns adding or subtracting 5-10 percent to most agencies' budgets – for us that is a total, at most, of only \$500 million. But what about the other \$16.3 billion in annual spending? Should not budgeting be about setting spending priorities and, if necessary, making tough choices about where to invest finite resources?

The traditional government budgeting process is archaic, marginal and often counterproductive in that it does little more than preserve the status quo of the bureaucracy. The private sector long ago abandoned such processes for budgets based on customer needs, cost-efficiencies, and results. Indeed, successful businesses today are commonly defined as those which meet the needs of their customers efficiently, effectively, and deliver quality products and services at the right price.

This success relies on nothing less than a modern and rational budgeting process used to review organizations, processes and outcomes both systematically and completely. Businesses that fail to evaluate in this manner consistently perform poorly and

eventually close their doors. While governments are obviously monopolies and unlikely to actually go out of business, they are certainly capable of providing poor service while demanding an ever greater percentage of the public's dollars.

In looking for a more modern method of budgeting, our administration studied an innovative process employed by Governor Gary Locke in the state of Washington. Facing an enormous budget crisis in FY 2002, Washington State engaged in a new budget process – one that examined the entirety of government and all of its funding.

The new method concentrated on outcomes and results. It established priorities. It measured performance. It set statewide goals, identified strategies to achieve those goals, and established indicators to measure performance or progress toward these goals. As such, it honed in on what the administration thought was essential to government and the provision of public services and products. These “essentials” included a full investigation of the following:

- Every activity performed by an agency rather than just new ones or those targeted to be cut.
- All sources of funds rather than just the portion of the budget that comes from the general fund.
- The results citizens want for their money, rather than what the agencies want to fund.
- The importance of “cost-effectiveness” in the budget decision-making process – in other words, it places considerable weight on the “bigger bang for your buck.”
- New and innovative ways of doing the “business of government,” not simply the provision of government services that may be dated, ineffective, or even unproductive in the long-haul.

Our administration studied the state of Washington's budget process and other systems that focused on priority spending. Our aim was straightforward: to build a FY 2005-06 Executive Budget for South Carolina based on clearly articulated statewide goals, effective strategies, and creative and insightful thinking. We wanted to focus on the “keeps,” not the cuts. Through emphasizing outcomes, we attempted first and foremost to make sure that citizens – not agencies, special interest groups, or lobbyists – get their money's worth from state government.

**Traditional Budgeting vs. Budgeting for Results**

<b>Incremental Traditional Budgeting</b>	<b>Results-based Budgeting</b>
Focus is on the allocation of “new monies” only (5-10 percent of total budget)	A zero-based focus on all monies spent by the state
Concentration is on inputs (what you buy), i.e. “objects of expenditure”	Concentration is on outputs (what results are expected)
Narrow and marginal decision making	Comprehensive and enterprise-wide decision making
Subjective based	Objective based
Preserving the status quo	Determining new, creative approaches to problems and needs
Agency or bureaucracy driven	Outcome driven
Promotes restraints, restrictions, and red-tape	Encourages flexibility and ingenuity
Emphasizes compliance and preserving legality	Emphasizes performance and innovation
Stresses audit trails and conformity	Stresses program evaluation and improvement
Involves agency heads, elected officials, and advocacy groups	Also involves others wanting to participate, especially those wearing a “citizen’s hat,” including agency employees and private citizens
Encourages and perpetuates single agency programs	Encourages intra- and inter-agency cooperation among programs and activities

**A Results-Oriented Budget Approach**

The process that we developed essentially consisted of the following six steps:

- Setting major goal areas.
- Developing agency activity inventories.
- Developing primary indicators and key strategies for achieving results.
- Holding public budget hearings by goal area rather than by agency.
- Prioritizing of activities with potential savings opportunities.
- Distributing resources between goal areas and finalizing the purchasing plans.

*Definition of Terms*

<b>Activities</b> – Individual actions taken by state government to accomplish goals and objectives. For the citizen, “What is the state doing, for whom, and does this accomplish something that is both valuable and needed?” “Precisely, why are we doing it?” “And at what cost?”
<b>Goal Areas</b> – Eight broad priority areas that we believe South Carolinians most want from their state government.
<b>Indicators</b> – Key measures that provide the best evidence to citizens that progress is being made towards a goal.
<b>Strategies</b> – Proven or promising approaches and methods for achieving goals.
<b>Results Team</b> – Groups formed to prioritize activities within each goal area, determine what to measure, and recommend a plan for the state to best achieve its goals.

***Step 1 – Setting the goals***

To begin, we set eight broad statewide goals we believe best reflect the results South Carolina citizens want from their state government. We did not provide details, strategies or indicators for these goals but instead left them up to the individual results teams to flesh out. These goals merely offered a vision for the future and the results teams were asked to then formulate a roadmap for achieving them at a cost the state could afford.

The following eight goal areas were identified:

- Improve K-12 student performance.
- Improve our higher education system and cultural resources.
- Improve the conditions for economic growth.
- Improve the health of our citizens.
- Improve protections and well-being for our children and adults.
- Improve the safety of people and property.
- Improve the quality of our natural resources.
- Strengthen government’s ability to achieve results efficiently and effectively.

***Step 2 – Cataloging what we currently do as a state***

Like most government budgets, it is ironic that our state’s budget has not adequately revealed much about how the state spends its resources. Instead of listing dollars by individual programs or activities, the dollars are largely associated with broad categories such as “personnel services,” “other personnel services,” “other operating expenses,” and “employee benefits.” These are certainly not very citizen-friendly – or even legislative or governor-friendly – in that they reveal little about the actual activities that we are purchasing or the potential benefits we receive for our tax dollars.

As a result, it makes it nearly impossible to effectively prioritize spending in a systematic, meaningful way. One of our frustrations in putting together our first executive budget was the difficulty in finding the actual cost of any particular program. Having learned from last year’s experience, our next step in this process was to develop a comprehensive inventory of all the activities provided by South Carolina state government. For each activity, four main elements were requested from the agencies – a description of the activity, its expected outcome, its cost, and the number of employees that are associated.

We asked each agency to provide a description of every thing it does to directly or indirectly serve the citizens of South Carolina. Most importantly, we asked that the agency present its budget in a citizen-friendly manner that answered the following questions about each activity:

- What is performed?
- For whom is it performed?
- Why is it performed?
- At what cost?
- And what is to be expected or accomplished by performing the activity?

Agencies submitted their activities over the summer to the Budget and Control Board's Office of State Budget (OSB) to be included into a master activities database. Next, the budget analysts from OSB met with our staff and the appropriate budget analysts from the House Ways and Means and Senate Finance committees to evaluate the activity descriptions and outcome measures. The helpful involvement and expertise of both legislative staffs were very significant in this process of asking agencies to clarify activities requiring greater detail. We certainly could not have built an effective budget from the ground up without these solid blocks as our foundation.

While some agencies have used some version of activity-based budgeting in the past, we were surprised to find that many had never analyzed their budgets in this way before. In fact, many agency heads had never before been asked to provide the actual cost of a program and the benefits from it. We think that this cost-benefit analysis is crucial to evaluating spending in the private sector and government as well. Some agency directors found this to be a very helpful exercise in evaluating their internal budgets. The Department of Health and Human Services (DHHS) did an especially thorough job of breaking down their budgets and associated administrative costs into finite activities, and, as a result, the agency director was surprised to discover that one program had an administrative cost of nearly 20 percent. By examining the agency's spending by individual activities, rather than programs, the director was able to uncover extraneous costs and offer general fund savings of \$500,000 from that one administrative activity.

Once the agencies had divided their budgets into activities, the OSB sorted the activities according to the eight goal areas. In other words, those activities – regardless of agency or department – were placed within the goal area where they seemed to fit best. The result was that agencies' activities were not examined within the confines of their artificial agency walls but were evaluated with similar activities from other agencies. Several of our state agencies had activities which fell under two or more goal areas, causing their activities to be examined by different teams. For example, while the health care prevention programs at DHEC were assigned to the health care team, DHEC's environmental permitting activities were assigned to the results team looking at improving natural resources.

The final product of this second step was the creation of our state's comprehensive inventory of programs, numbering 1,525 separate and distinct activities. These activities provide the "entirety" of what our state government does, for whom, why, at what cost, and for what effects or outcomes. These activities have formed the basis for our budget recommendations this year, and as they were also provided to our legislative colleagues, will hopefully form the basis for their budget in this and future years as well.

**Step 3 – Forming Results Teams and developing strategies**

The results teams were the workhorses of the entire budgeting process. The over 70 individuals who participated in our process included private citizens, advocates, legislative staff, agency employees, an employee from each of the three research universities, and even an outgoing legislator. Each participant served with instructions to “think like citizens, looking past special interests and setting aside any advocacy bias to find solutions to best meet our government’s highest service priorities.”

Legislative staff from Ways and Means and Senate Finance remained involved through the early meetings to develop purchasing strategies. Budget analysts from the OSB provided research expertise for the discussions that were facilitated by staff from the Institute for Public Service and Policy Research. Each results team worked to develop chief “indicators” of progress and key “strategies” for achieving goals. These indicators and especially the strategies would be used later as the basis to review, analyze, and ultimately prioritize and rank activities.

Through extensive discussions, each results team began to formulate indicators that would show if progress was being made toward a goal area. For example, the results team for K-12 improvement decided that the indicators that would best show progress were:

- Increase student scores on a series of academic assessment tests.
- Raise high school graduation rates.
- Reduce achievement gaps between students of different racial/ethnic groups and varying economic status.

**Boats Have Motors, Too**

An example of the benefits of holding hearings by goal area occurred at the Public Safety hearing with several agencies including the Department of Natural Resources (DNR) and Department of Motor Vehicles (DMV). While these two agencies may not seem to have much in common, a question related to the \$1.9 million DNR spends issuing registrations and tags for boats and boat motors brought about a simple, yet innovative idea.

A results team member suggested that DMV was probably the better agency to provide that service. After further study, we agreed that this idea has merit for several reasons:

- Citizens will have much greater access to locations. Currently, DNR only allows new boat registration in Columbia and Charleston and offers renewals in three other cities. DMV operates 68 offices all over the state.
- Under our direction, select DMV offices are now open on Saturdays, providing many owners a more convenient day to register their boats.
- Citizens will have better access to web-enabled transactions for boat registration through DMV’s website.
- DMV already has a close working relationship with county officials related to vehicle property taxes.
- DMV can provide boat licensing and registration without increasing staff so the move will provide approximately \$1.6 million in annual savings.

Ideas about better ways to provide services often occur when all parties – even those that do not always seem related – are together at the table.

- Improve student readiness up to age three.

Continuing this example, the results team for K-12 improvement then began to discuss what major “purchase” strategies were keys to achieving progress. Ultimately, the following strategies were identified:

- Maximize resources to the classroom to provide for quality student learning.
- Provide for quality teachers, especially in our most challenging classrooms.
- Provide for quality leadership at the local level.
- Ensure proper curriculum and standards, including emphasis on accountability.
- Provide assistance for under-performing schools.
- Focus on early childhood education and development.

### ***Step 4 – Public budget hearings from the citizen’s perspective***

Budget hearings are typically held as an opportunity for individual agencies to make their case to protect or increase their funding. However, with our renewed focus on the taxpayers, we realized that citizens do not care which agency provides services as long as they get them effectively and efficiently. Therefore, instead of holding hearings with individual agencies, we held hearings by goal area to break down artificial walls and better look at government from a citizen’s perspective.

Members of our staff were joined by the results teams in the two and ½ hour hearings, which were casual and provided a forum for conversation rather than formal presentations by agencies. The hearings were also open to the general public who were always invited to take part in the discussions. In total, 39 agencies participated in budget hearings where they were each asked to provide their agency’s most beneficial, highest priority activities, as well as their most marginal or less productive activities. The budget hearings also gave results team members an opportunity to ask for further information on agencies’ activities.

Brainstorming with several involved agencies, as opposed to just a single agency, revealed some interesting solutions that will be discussed later in our budget. Many of the agency heads are accountable to different entities – some to the governor, some to appointed commissions, and some directly to the voters – many do not often interact with one another. In fact, First Steps Director Susan DeVenny had not even met the head of our state’s ETV network, until their joint October 4 budget hearing. That encounter has already led to some collaborative activities between the two agencies. Director DeVenny later commented that holding her agency’s budget hearings jointly with the State Department of Education, the Education Oversight Committee (EOC), and ETV “clearly adds value and sends a signal that we MUST be in partnership with our ‘like agencies’ in order to achieve greater public return for our citizens in the education arena.”

***Step 5 – Ranking activities and recommending savings***

This step involved the results teams prioritizing the activities they thought would provide the best outcomes toward meeting their assigned statewide goal. The product was the development of a preliminary purchase plan of prioritized activities – in essence, an initial budget for each goal area.

The Office of State Budget had already sorted activities by the eight goal areas and then further sorted the activities into the strategies developed by the results teams. Each results team was tasked with deciding which linked most closely to their respective goal area and what were the best investments to make, given the anticipated outcomes.

Each team discussed in detail its share of the 1,525 activities to assess their value in meeting its goal area. The teams looked at all spending – not just state general fund dollars – in discussing whether or not they thought one activity was a better investment for the state than another. These discussions were an opportunity for the team to challenge previous assumptions and rationales for prioritization and to look for creative and innovative ways to do things better. Central questions at this stage included:

- As a citizen of South Carolina, are these activities the most cost-efficient and effective ways to achieve the designated goal area?
- Can it be clearly understood that this activity produces the results South Carolinians want and at the right price?
- Can these activities realistically be measured in terms of performance or outcomes, and how?
- What would the likely consequences be if we were not to purchase this activity?
- Can those activities that obviously appear to be duplicative, both in and across agency structures, be eliminated or merged?
- What activities appear to be antiquated or no longer relevant to today's citizens? Should they be eliminated to free up funds for more important activities?
- What activities appear to be excessively funded, especially those that seem to have a lower priority?

Looking at the state's activities through the lenses of these questions led to many ideas that will be discussed in the eight goal sections of this budget. However, one needs to go no further than the first couple of pages of the state's current FY 2004-05 Appropriations Act for an example of how an activity-based process leads to different purchasing decisions. The K-12 education portion of the current appropriations act can be challenging to decipher since activities are funded from a variety of sources.

Trying to find out how much we spend on student testing, for example, would lead one to look at the \$15.6 million "Curriculum Services and Assessments" line on pages two and three of the state's FY 2004-05 Appropriations Act. However, there is also a \$1.2

million line on the top of page six for “Total Student Testing,” and then another \$13.2 million under the Education Accountability Act’s “Special Items Assessment.”

Thus, our traditional budget document makes it difficult for private citizens and public officials to find how much we spend on any activity. In contrast, the comprehensive activity list, specifically activity number 759 for the State Department of Education, readily reveals that we spend \$23.7 million in total funds on student assessment. Approximately \$13.2 million of those dollars are from the general fund, \$2.7 million from the Education Lottery, \$1.4 million from the Education Improvement Act, and \$6.3 million from federal funds. The K-12 results team spread that total amount across our 664,000 student population to come up with a cost of approximately \$35.75 per student. With an actual per student cost in hand, they compared us with other states such as Idaho and discovered it only spends \$10.53 per student on testing, and our neighboring state of Georgia spends \$15.85 per student on the same function. In fact, the Education Oversight Committee reports that Georgia spends approximately the same amount (\$24 million) in assessing its population of over 1.5 million students as we do in assessing our population of fewer than 700,000 students.

Armed with that comparative information, the results team inquired at the K-12 budget hearing about why South Carolina was spending over twice as much per student compared with a state like Georgia or over three times as much when compared with a state like Idaho. There was also discussion about complaints that we hear repeatedly from teachers, principals, school board members, and parents about the Palmetto Achievement Challenge Test (PACT). While we are certainly very supportive of our state’s accountability and testing efforts, the following significant concerns have been raised regarding the PACT: the two week testing period is too long; test results are not available until the next school year is already well underway; and the test does not provide detailed diagnostic information about individual students.

The press coverage of the budget hearing related to those questions prompted the leadership of the company that administers the PACT test to fly from Minnesota to propose ways their service could be improved. Those discussions revealed the following:

- Students in South Carolina answered their PACT test in the booklets with the questions rather than on a separate answer sheet as is done in most states. As a result, they haul at least 12 tractor trailer loads of completed testing booklets to Minnesota where the entire booklets have to be scanned by hand. Switching to a single answer sheet for older students would save the state significant money and provide a much quicker turnaround time for grading.
- The company would consider grading the tests in state, which would further cut down on the grading time and provide approximately 400 South Carolinians (mostly teachers) the opportunity to make \$3,000 annually by grading the tests for a few weeks over the summer.

- Additionally, rather than extending the test a second week to “field test” questions, the company could intersperse field test questions to different students throughout the current test as is done with other tests such as the NAEP and SAT tests. This could be a great help in preventing the “student testing fatigue” concern voiced by many teachers.
- Even though we spend more per student on assessments than most states, we are behind many other states in providing diagnostic information to teachers. However, by merely adding another 5-10 questions and extending the test time another 10 minutes, we can provide teachers with most of the diagnostic information they need. Having this information could also provide savings to the 60 percent of our school districts that spend \$6 to \$7 on tests per students over and above the \$35.75 the state spends so that they can get the timely diagnostic information they do not get from PACT.

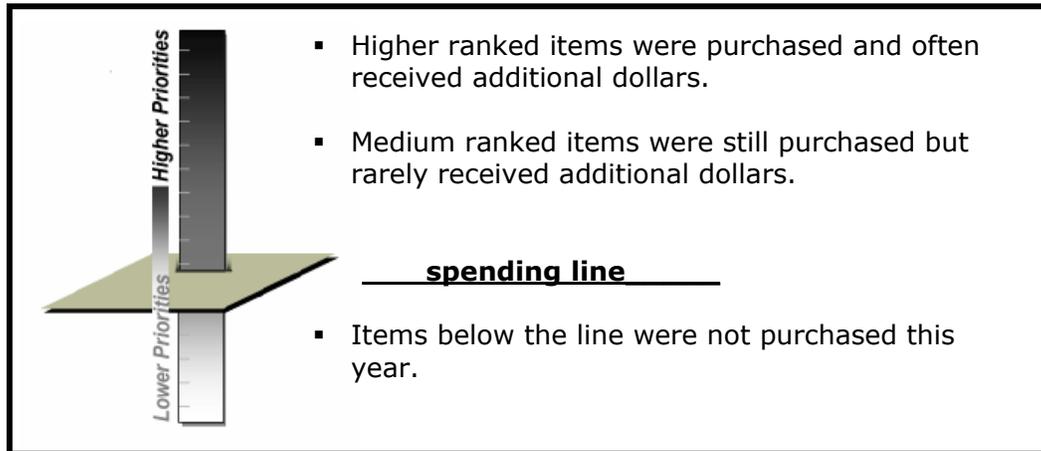
The result is that we can likely provide teachers, parents, and students with more useful and timely data while freeing up additional dollars to be used in the classroom. If we were to test at the same per student cost as Georgia, we could decrease our testing budget from \$23.7 to \$10.5 million – and nearly 10 percent of that amount could stay in state providing summer employment opportunities for teachers in South Carolina rather than in Minnesota. Better diagnostic results from the state’s assessments could also free up another \$2.5 million annually for districts to use on other needs. Most importantly, rather than sending 12 tractor trailers and an additional \$13 million to Minnesota and other states, we could spend those dollars at home, in the classrooms of South Carolina.

### ***Step 6 – Forming a Final Purchasing Plan***

Once the activities were ranked and savings were incorporated, we put together our final purchasing plan. It is important to note, however, that the process of prioritizing one activity against another was often very difficult. Many activities were considered to be very similar in terms of outcomes yet one physically had to come above another on our prioritized list. Therefore, just because an activity was ranked one space or even a few spaces below another activity, it is not correct to assume that we considered the activity to be of any lesser importance than those a few above it. It is fair to assume, however, that those activities that we ranked in the top 15 to 20 percent of a goal area were valued as the most important and those near the bottom of the goal area were considered to be of lesser importance – often still important – but perhaps not as valuable for achieving the stated goal as those above it.

After allocating funds for the mandatory statewide expenditures such as debt service and the property tax relief fund, the remaining available dollars were spread across the various goal areas. Taking the funds available to each goal area, we essentially purchased activities starting from the top with those deemed to have the highest ranking and going down until we ran out of money as illustrated by the following chart. By

purchasing the higher activities first, we ensured that the residents of our state get the most for their tax dollars.



We also considered new activities on equal footing with old activities. For example, if a new activity was ranked higher than an existing activity, we would “purchase” the new activity first. In other words, purchasing was done on the basis of anticipated outcomes rather than on historical precedent. We also purchased activities without regard to the agency that performed it, using only our strategies and anticipated outcomes for the investment as our guides. Once all the ranking was complete and all the money spent, we re-evaluated our spending choices to see if any changes could be made to existing or to new activities, in order to produce additional cost savings or efficiencies.

During this process, there were some activities that fell below the purchase line that gave us pause. However, given the priority ranking, the question that we had to ask ourselves was what activity above the purchasing line we would not purchase so that we could switch it with an activity below the line. This process, while difficult and tedious at times, helped us to prioritize our spending in a world of finite resources. The resulting budget recommendations represent this new focus on maximizing results for the citizens of South Carolina.

### The Benefits of the New Budgeting for Results Process

*Finally, I believe, we are going down the road, perhaps rocky at first, to spending the citizens' monies for the results citizens most want.*

- Governor Sanford’s comments at the Results Team Orientation, September 13, 2004

We certainly acknowledge that given limited resources and time, this, our state’s first attempt at a zero-based, activity-based budget had its limits and was an imperfect process. In future years, we will work to obtain more citizen participation and input in

setting goals and prioritizing activities. We think that we can make more intelligent purchasing decisions with better defined activities and improved tracking of meaningful outcome measures. Like virtually every function of government or of business, this process has room for improvement.

However, when all is said and done, this process represents, at least from our perspective and for many participants and observers, a dramatic shift in paradigms. To a certain extent, this new budget process is free from the recent habit of focusing on only allocating “new monies” or distributing cuts, and it is also free from the old-fashioned bureaucracy-driven emphasis on self-preservation.

This fresh look at state government has allowed for a new business-minded and rational process to take place. During these recent difficult budget times, agencies have been repeatedly told “to do more with less.” We think it is also time for some agencies to look at doing “less with less” rather than trying to do all the things they have done in the past.

The question that has not been answered before is “less of what?” While good people will certainly disagree with some of our conclusions, we hope that people will realize that this process attempts to answer that question through a rational approach. Most importantly this process focuses – above all else – on the needs of our citizens and the best activities to meet those needs. We believe that this type of budget process has the capacity to dramatically improve the way our state delivers services in the future.

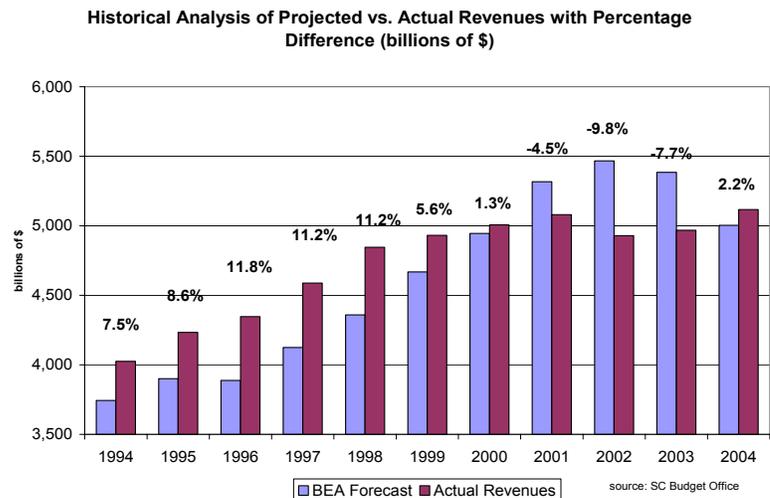
Revenue

**Revenue**

**Estimate Revenues Conservatively**

The state constitution requires a budget process that ensures the annual expenditures of state government do not exceed annual state revenue. The sales tax and the income tax are the state’s primary sources of revenue, and they are inextricably linked to the state’s general economic conditions. An expanding economy results in increased revenue, while a stagnant or contracting economy does not.

The South Carolina Board of Economic Advisors (BEA) has the responsibility to forecast the economic conditions in the state and state revenues for the next fiscal year. Economic conditions, however, are difficult to forecast with any degree of accuracy. Over the last ten years, the BEA revenue estimates have consistently missed the mark in comparison to the actual revenue collected. At times, the estimates led to surpluses at the end of a fiscal year. At other times, the estimates led to large deficits, which required massive mid-year cuts and the depletion of the state’s rainy-day reserve accounts. The estimates for FY 2001-02 were so far off the mark that the state closed its books with a \$155 million operating deficit that threatened the state’s AAA bond rating. The best protection against future deficits is for the state to estimate its revenues conservatively.



The BEA forecasts general fund revenue for FY 2005-06 at \$5.371 billion, a 5.5 percent increase over the FY 2004-05 appropriations. Though the projections indicate a recovering economy, therefore increasing revenues for the state, we believe that we must proceed cautiously in light of the inherent uncertainty of economic forecasting.

The BEA will update its revenue projection in February 2005, at which time the projections may grow beyond 5.5 percent. If those projections are higher, and while we would welcome the stronger economy, we would urge the General Assembly to maintain the more conservative projection, hold spending to the three percent level prescribed by the Fiscal Discipline Act, and use any additional dollars that are actually received by the State Treasurer to pay down further the state’s trust fund debt and outstanding bonds, so we can be better prepared for future fiscal emergencies.

## FY 2005-06 Executive Budget

### Revenue Estimates

A detailed listing of the BEA's current estimate for FY 2005-06 and the change in growth from the previous year is provided below.

PERSONAL INCOME GROWTH	GENERAL FUND REVENUE FORECAST			
FY05 – 3.5%; FY06 – 3.5%	FISCAL YEARS FY2004-05 TO FY2005-06			
	(DOLLARS)			
REVENUE CATEGORIES	APPROPRIATION ACT ESTIMATE FY 2004-05	WORKING ESTIMATE FY 2005-06	PERCENT CHANGE FY04/FY05	PERCENT CHANGE FY05/FY06
RETAIL SALES TAX 1/	2,243,917,546	2,338,532,615	2.4	4.2
EXCISE, CASUAL SALES TAX	19,751,877	21,829,518	2.0	10.5
LESS: SALES TAX HOLIDAY	(4,051,832)	(4,173,387)		
LESS: SPRINGS LAWSUIT	(10,000,000)	(2,000,000)		
INDIVIDUAL INCOME TAX	2,455,598,801	2,625,981,263	2.6	6.9
INDIVIDUAL WITHHOLDINGS (GROSS)				
LESS: JOB DEVELOPMENT FEES				
INDIVIDUAL WITHHOLDINGS (NET)				
INDIVIDUAL DECLARATIONS				
INDIVIDUAL PAID WITH RETURNS				
INDIVIDUAL REFUNDS				
LESS: MARRIAGE PENALTY		(39,615,064)		
CORPORATION INCOME TAX	149,139,556	174,724,918	0.0	17.2
<b>SALES AND INCOME TAXES</b>	<b>4,854,355,948</b>	<b>5,115,279,863</b>	<b>2.3</b>	<b>5.4</b>
ADMISSIONS/BINGO TAX	32,320,000	32,158,499	1.0	-0.5
AIRCRAFT TAX	3,246,796	4,819,500	1.0	48.4
ALCOHOLIC LIQUOR TAX	59,489,776	60,878,921	2.5	2.3
LESS: COUNTY DISTRIBUTION	(3,836,795)	(3,500,000)	0.0	
LESS: ANNUAL SUNDAY SALES LICENSE	(2,800,000)	(2,800,000)		
BANK TAX	19,000,000	19,046,068	0.0	0.2
BEER AND WINE TAX	93,838,723	98,493,195	1.5	5.0
BUSINESS LICENSE TAX	28,611,433	29,920,720	-1.0	4.6
COIN-OPERATED DEVICES	2,400,000	2,066,569	4.3	-13.9
CORPORATION LICENSE TAX	62,600,000	78,048,198	-2.2	24.7
DEPARTMENTAL REVENUE 3/	55,970,800	55,543,697	0.0	-0.8
DOCUMENTARY TAX	40,254,962	60,589,501	4.8	50.5
LESS: CONSERVATION BANK TRUST FUND	(10,063,741)	(15,147,375)		
EARNED ON INVESTMENTS	16,000,000	25,000,000	6.7	56.3
ELECTRIC POWER TAX	25,365,666	26,891,673	3.0	6.0
ESTATE AND GIFT TAXES	59,590,000	62,057,393	1.0	4.1
LESS: FEDERAL CHANGE TO ESTATE TAX	(40,300,000)	(59,200,000)		
FERTILIZER INSPECTION TAX	0	0	N/A	N/A

1/: Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.

3/: Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.

## FY 2005-06 Executive Budget

PERSONAL INCOME GROWTH	<b>GENERAL FUND REVENUE FORECAST</b>			
FY04 – 3.5%; FY05 – 3.5%	<b>FISCAL YEARS FY2004-05 TO FY2005-06</b>			
	<b>(DOLLARS)</b>			
INSURANCE PREMIUM TAX	124,000,000	137,315,060	7.8	10.7
INSURANCE LICENSE TAX	21,000,000	10,515,867	147.1	-49.9
INSURANCE RETALIATORY & OTHER TAX	6,500,000	5,500,000	0.0	-15.4
LESS: INSURANCE CREDITS	(4,500,000)	(11,465,000)		
MOTOR TRANSPORT FEES	7,500	7,500	-50.0	0.0
MOTOR VEHICLE LICENSES	111,555,000	117,863,851	0.5	5.7
LESS: INFRASTRUCTURE BANK TRANSFER-TRUCK	(50,892,581)	(55,689,047)		
LESS: HIGHWAY FUND TRANSFER- CAR	(7,250,000)	(12,434,961)		
PLUS: TEN-YEAR DRIVER'S LICENSES	7,200,000	3,450,000		-52.1
PETROLEUM INSPECTION TAX	8,300,533	8,497,934	1.5	2.4
PRIVATE CAR LINES TAX	3,302,400	2,789,884	3.2	-15.5
PUBLIC SERVICE AUTHORITY	10,864,701	12,577,752	2.0	15.8
RETAILERS LICENSE TAX	936,012	960,857	1.5	2.7
SAVINGS & LOAN TAX	3,400,000	3,879,114	0.0	14.1
SOFT DRINKS TAX	0	0	N/A	N/A
WORKERS COMP. INSURANCE	12,729,362	14,156,410	2.5	11.2
CIRCUIT/FAMILY COURT FINES	10,195,651	9,910,522	2.8	-2.8
DEBT SERVICE TRANSFERS	3,300,000	3,300,000	0.0	0.0
INDIRECT COST RECOVERIES	22,893,411	22,893,411	0.0	0.0
MENTAL HEALTH FEES	3,800,000	3,800,000	0.0	0.0
PAROLE / PROBATION FEES	3,392,423	3,392,423	5.3	0.0
UNCLAIMED PROPERTY FUND	8,000,000	10,000,000	21.2	25.0
WASTE TREATMENT REPAYMENT	0	0	N/A	N/A
<b>OTHER BASE SOURCES</b>	<b>740,422,032</b>	<b>762,398,779</b>	<b>2.0</b>	<b>3.0</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>5,594,777,980</b>	<b>5,877,678,642</b>	<b>2.2</b>	<b>5.1</b>
APPROPRIATION ACT REVENUE	<b>5,594,777,980</b>			
LESS: TAX RELIEF TRUST FUND	(505,158,783)	(513,870,537)		
PLUS: TAX RELIEF FUND CARRYFORWARD		7,589,618		
EXCLUDING TRUST FUND	5,089,619,197	5,371,397,723	2.5	5.5
ACT REVENUE AFTER TRUST FUND	5,089,619,197			
CAPITAL RESERVE FUND (2%)	99,356,026	101,720,833	0.8	2.4
GENERAL RESERVE FUND (3%)	75,154,528	125,154,528	0.8	66.5
TOTAL RESERVES	174,510,554	226,875,361	0.8	30.0
REVENUE EXCESS / SHORTAGE				
EDUCATION IMPROVEMENT ACT 2/	563,004,398	590,247,187	2.0	4.8
EIA FUND	562,404,398	589,047,187	2.0	4.7
EIA INTEREST	600,000	1,200,000	71.4	100.0

3/: Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.

Source: Board of Economic Advisers – 11/10/2004

### **Increases to General Fund Revenue**

In response to the last round of Base Realignment and Closure Commission closings, the General Assembly, in 1994, carved out a portion of local income tax withholdings and retail beer and wine permits to provide funding for Redevelopment Authorities (RDA) in Charleston and Myrtle Beach. Over the past decade, these RDA's have done effective jobs of redeveloping the former military bases and bringing jobs back to the region. These agencies have largely fulfilled their missions and should be completely winding down in the near future. This is especially true of the Charleston RDA which is close to transferring ownership of the former naval base property to the City of North Charleston.

While providing funds for these entities soon after the closures was helpful, we believe that they can complete their redevelopment tasks without continued reliance on taxes and fees. The Charleston RDA, for example, has approximately \$10 million in cash on hand and receives significant annual lease payments from tenants on the naval base complex. Therefore, starting next year, we propose that revenue from the income tax withholdings and beer and wine permits remain in the general fund. The BEA estimates that doing so will lead to an **increase of \$3,056,115 in general fund revenue next year.**

### **Education Lottery Revenues**

Our main objective for the Education Lottery is to make sure that each and every lottery dollar is going to the most efficient and effective educational program.

For this reason, we propose changes to the lottery's operations in order to maximize the amount of lottery dollars available for education programs. For instance, instead of the current retail commission of seven percent, we believe the Lottery Commission should charge a retail commission of six percent – which is in line with the national average. In addition, we recommend that the lottery advertising threshold be reduced to a more reasonable limit of 1/2 of one percent of the previous years' gross sales. These two recommendations will generate more lottery revenue to benefit our education system.

While these recommendations will provide new lottery dollars, we still will be lacking the available lottery revenue seen in last year's budget. In the FY 2004-05 Appropriations Act, a large portion of both higher education and K-12 activities were funded by \$86 million in non-recurring lottery surplus funding. While it was beneficial to have new lottery dollars to provide for education, this non-recurring source of funding from the previous year makes allocating the lottery budget more challenging in this budget cycle.

We have an estimated \$301,328,000 to appropriate in total lottery dollars in FY 2005-06 – this includes revenues generated from reducing retailer commissions by one percent, reducing specific lottery administrative costs, lottery interest earnings not appropriated in FY 2004-05, and unused Department of Alcohol and other Drug Abuse Services' funding remitted from FY 2004-05. This amounts to \$39.7 million less than the total appropriated amount in the FY 2004-05 budget.

## FY 2005-06 Executive Budget

Additionally, needs for scholarships, which were intended to be the primary use of lottery funds, are projected to increase by over \$18 million next year. As a result of having increased scholarship needs with decreased available revenue, it is obvious that not all programs could be funded at the same level from the lottery budget. As a result, we recommend scaling back non-scholarship activities in the lottery budget to their level of funding from the previous year.

<b>LOTTERY REVENUES</b>	<b>FY 2004-05</b>	<b>FY 2005-2006</b>
BEA Revenue Estimate 1/	255,000,000	277,000,000
BEA Interest Estimate FY 2005-06		6,000,000
Estimated Carry Forward from FY2003-04	86,000,000	
Unappropriated FY 2004-05 Interest Earnings Estimate		5,000,000
DAODAS Remittance of Unspent FY2004-05 Appropriation		1,000,000
Limit Retailer Commissions to 6% of Sales		9,228,000
Limit Specific Administrative Cost		3,100,000
<b>Education Lottery Revenue</b>	<b>341,000,000</b>	<b>301,328,000</b>
1/ Includes Unclaimed Prizes		

**Run It Like a Business**

## Run It Like a Business

When we released our first executive budget in FY 2004-05, the state had experienced an unprecedented time of fiscal crisis. Over a three-year period of several mid-year budget cuts dating back to FY 2000-01, hundreds of millions of dollars were raided from various trust funds, and the state's debt load nearly doubled. Finally, we were confronted with an unconstitutional \$155 million deficit dating back to FY 2001-02. This troubling fiscal policy leads to questions about how we spend as a state and how we intend to address these challenges going forward.

The business of forecasting revenues is imprecise in nature. While Board of Economic Advisors' projections are useful in determining what revenues we have available to make fiscal policy, there should be a guiding principle of fiscal restraint to reduce the possibility of deficits and annualizations. To that end, we propose limiting increases in the annual budget and, instead, dedicating more dollars to reducing the outstanding balances to trust funds and the current debt load that we have as a state.

### **Fiscal Discipline Act**

At the close of FY 2002-03, we discovered that a deficit from FY 2001-02 had not been addressed as required by the South Carolina Constitution. In conjunction with the members of the Budget and Control Board, we proposed a plan which would pay off the \$155 million unconstitutional deficit and replenish the funds borrowed from the General Reserve Fund, money set aside for times of fiscal emergency.

In June 2004, the Fiscal Discipline Act was signed into law to pay down the deficit over a three-year period and repay the General Reserve Fund. The Act requires us to hold spending growth at three percent annually in an effort to restrain government spending and maintain our AAA Bond Rating. Two months later, after the Comptroller General closed the books for FY 2003-04, we were able to completely eliminate the unconstitutional \$155 million deficit earlier than expected and within a year after discovering that the debt was outstanding.

We believe that when economic times are good, government must resist the temptation to spend greater sums of money on new programs that cannot be sustained when revenues fall back. As well, trust funds and reserve accounts should not be used except under extraordinary circumstances to pay for other operations in government. Thus, while our fiscal future is looking brighter, we strongly believe further action is needed to get our state and its budget back on a more solid economic foundation.

First, there remains the issue of replenishing the General Reserve Fund, which is still short by approximately \$78.3 million. Under the Fiscal Discipline Act, restoring the funds would come from the Capital Reserve Fund, and in this budget we propose completely restoring the General Reserve Fund to its full balance of \$153.5 million.

Second, during the period of budget shortfalls, nearly \$500 million was borrowed or diverted from trust or reserve funds, which we believe must be restored in the near future, and in this budget we begin the process of doing so. In fact, the \$78.3 million payment to the General Reserve Fund would completely repay the \$150 million taken over the past few years.

Finally, the FY 2004-05 Appropriations Act contained \$321 million in one-time monies, which created a significant budget hole to be filled in the upcoming year. We maintain a commitment to reducing reliance on annualizations, and in this budget we propose the lowest level of annualization spending since FY 1993-94.

In the FY 2004-05 Appropriations Act, the General Assembly increased spending by 6.6 percent during a year that the Board of Economic Advisors set an initial revenue growth of only 2 percent. The Fiscal Discipline Act was designed to implement spending caps while the state put its fiscal house in order. Unfortunately, this law is temporary, but extremely important. We believe the success of this legislation in quickly paying down the unconstitutional deficit carried over from FY 2001-02 should serve as a model in addressing other budgetary problems.

**Trust and Reserve Funds**

Trust funds are collected and used by the state for carrying out specific purposes and programs in accordance with the terms and conditions of a trust agreement or statute. Reserve funds are funds set aside to fulfill obligations or liabilities for very specific needs. We believe these funds should only be used for the purposes for which they are collected and, therefore, should not typically be utilized for the general operations of government. If, under extraordinary circumstances, these funds are used, the fund accounts can and should be repaid in a timely manner.

Unfortunately, many trust funds have been raided in recent years in order to fund other operations. These raids leave the state with additional unmet liabilities that need to be restored. The following represents trust fund borrowing for appropriations since FY 2001-02:

FY 2004-05 Trust Funds borrowing:	\$377,930
FY 2003-04 Trust Funds borrowing:	\$26,240,125
FY 2002-03 Trust Funds borrowing:	\$105,710,737
<u>FY 2001-02 Trust Funds borrowing:</u>	<u>\$54,500,000</u>
<i>Total FY 2001-02 through FY 2004-05</i>	<i>\$186,828,792</i>

In addition, dollars were diverted from reserve funds as follows:

Diverted from the Insurance Reserve Fund	\$ 28,000,000
Reduction to State Health Plan Reserve Fund	\$135,000,000
<u>Reduction to the General Reserve Fund</u>	<u>\$150,000,000</u>
<i>Total Reserve Funds</i>	<i>\$313,000,000</i>

In our executive budget last year, we proposed dedicating \$5 million as a down payment in restoring borrowed money for the Barnwell Trust Fund. This allocation was provided in the face of a \$155 million unconstitutional deficit and a projected \$350 million shortfall. As the revenue and fiscal situation is expected to improve in FY 2005-06, we believe it is critical that we begin to replenish these trust funds now and in the coming years.

The General Assembly has certainly recognized the Barnwell Trust Fund debt as indicated by Proviso 72.62, which declares the following intent of the General Assembly to:

*“begin to restore funding to the Extended Care Maintenance Fund [a/k/a The Barnwell Trust Fund] as defined in Section 13-7-10 by appropriating \$5,000,000 each year until such time as amount in the Fund is restored to the FY 2000-01 level, plus interest.”*

It is worth noting, however, this is the very same provision that appeared in the prior year’s appropriations act, with the only change being to the year. It is unfortunate that in spite of the stated “intent,” once hundreds of million in new monies became available, neither body acted on their intent to restore even \$5 million in funds.

With increased revenues and a potential for a brighter economic future, we need to be more aggressive about repaying raided trust funds. We propose a total of **\$157,941,227 in one-time revenue** towards fully restoring the General Reserve Fund, the Barnwell Trust Fund, and the Insurance Reserve Fund.

Our proposed payment to restore trust funds is similar to our commitment to eliminate the unconstitutional deficit in FY 2004-05. In fact, this administration proposes modifying the successful Fiscal Discipline Act, in an effort to, ultimately, eliminate these trust fund debts.

### *Strengthening the Fiscal Discipline Act*

In introducing the Fiscal Discipline Act, the original proposed plan was to pay off the deficit and replenish the General Reserve Fund in three years. Through a combined effort of enacting this legislation and our efforts to work with the General Assembly to dedicate more of the FY 2004-05 surpluses towards paying down the deficit, we eliminated the deficit in one year. While we have accomplished one very significant goal, there is still the matter of outstanding trust fund balances that we believe need to be addressed with the same commitment.

It is our view that the Fiscal Discipline Act should be amended to require all borrowed trust and reserve funds to be repaid, not simply the General Reserve Fund. We propose that in future years up to half of the Capital Reserve Fund be used to repay raided trust and reserve funds until the outstanding balances are completely restored.

In addition, we propose maintaining the three percent annual growth cap implemented in the Fiscal Discipline Act until those funds are completely repaid.

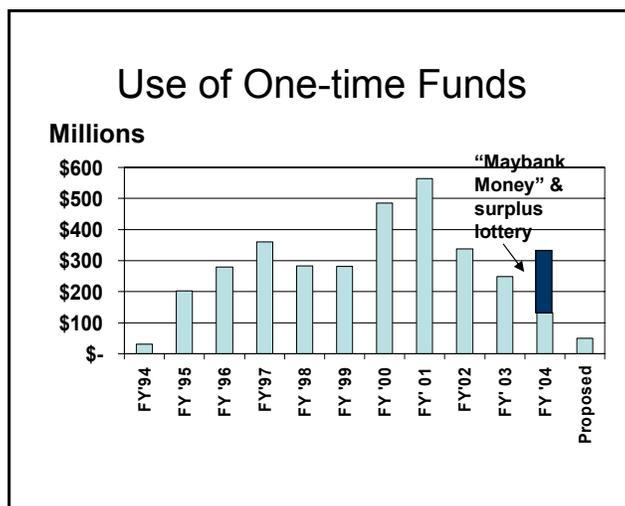
### Non-recurring Dollars

In the FY 2004-05 Appropriations Act, the General Assembly relied on one-time funding for recurring costs. One-time revenue was dedicated to approximately \$321 million of the budget specifically:

- \$132.8 million in nonrecurring Part IA appropriations;
- \$90 million in nonrecurring Department of Revenue enforced collections (otherwise known as “Maybank Money”);
- \$11.8 million from tobacco de-allocation; and
- \$86 million in surplus lottery funds.

It is important that we continue to address the problem of one-time monies because they may not be there the next fiscal year to fund ongoing items. We have made some progress on “annualizations” in last year’s executive budget when we proposed fully funding the Medicaid budget with recurring revenue, which was adopted by the General Assembly. In this budget, we propose using approximately \$50 million in annualizations. In recent years, annualizations have at times run in excess of \$500 million. If our budget is adopted, annualizations will be at their lowest level in over a decade.

Last year’s budget also appropriated and earmarked the Maybank Money – revenues generated as a result of the Department of Revenue expanding its tax collection enforcement efforts. Ninety million dollars in revenues were appropriated to core functions within many agencies last year, including 20 percent for critical frontline services at the Department of Social Services. While the Department of Revenue is in the early stages of collecting the money, we are hopeful that the full \$90 million will materialize so critical services provided by DSS and other agencies will not be in jeopardy.



While we believe that the state should collect what it is owed in taxes, we feel these revenues would diminish over time and continue to believe that any such revenues, unless certified, should be conservatively estimated. More importantly, we continue to believe that Maybank Money should only be dedicated to one-time, non-recurring, or non-essential services. As such, our budget proposes using Maybank Money to restore the State Health Plan reserves.

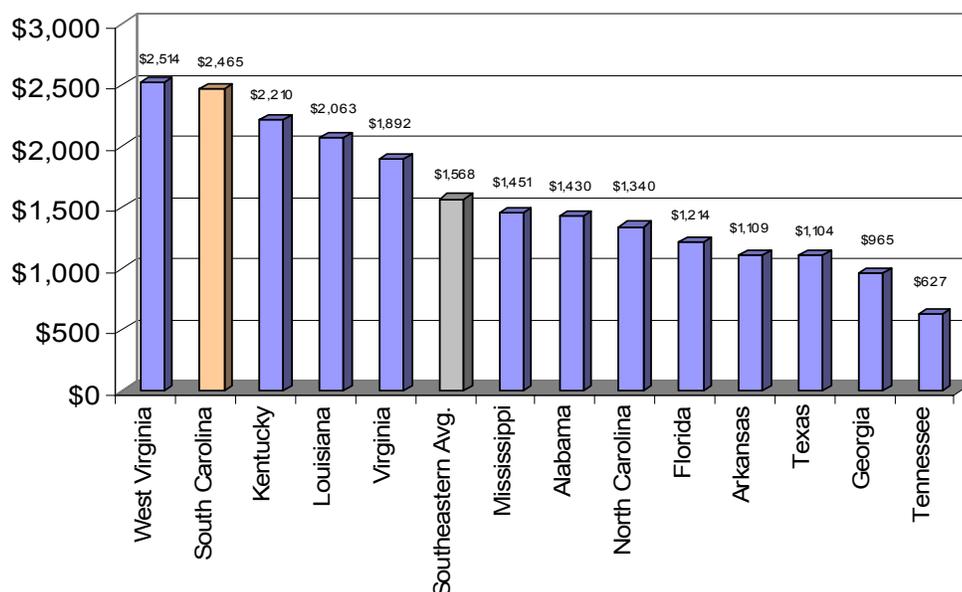
### Better Managing South Carolina's Statewide Debt

From 1998 to 2002, South Carolina's state and local government debt increased 95 percent to around \$10.1 billion, making South Carolina's debt expansion the second-fastest growth rate in the nation.

Of the \$10.1 billion in debt, borrowing by the state and by state agencies constitutes around \$5 billion. The remaining \$5.1 billion constitutes borrowing by counties, special purpose districts, and public school systems.

In fact, South Carolina ranks second only to West Virginia in per capita state and local government debt in the Southeast. According to the 2002 United States Census, the average South Carolinian is responsible for \$2,465 in debt, \$897 higher than the Southeastern average of \$1,568 per person. The debt load also far exceeds neighboring North Carolina and Georgia.

**Debt Per Capita (SC vs. Southeastern States)**



While our debt has been increasing at the second-fastest growth rate in the nation, there are five states that carry no debt load whatsoever: Wyoming, Colorado, South Dakota, Nebraska, and Arizona.

With all bonded indebtedness comes the cost of repayment. The bond costs may seem small, but they ultimately have a tremendous impact on the annual budget. According to the State Treasurer's Office, our annual obligation from debt service has increased from \$146.1 million in FY 1997-08 to an estimated \$244.8 million in the coming FY 2005-06, an increase of nearly \$100 million.

The state constitution sets a five percent cap on the annual debt service, but gives the General Assembly authority to lower it to four percent or to increase it to as much as seven percent. Over the past few years, the General Assembly has increased the debt service limit from five percent to six percent in two separate pieces of legislation. We will work towards reducing the overall debt to at least the constitutionally-mandated five percent, with a longer-term aim of getting to the four percent level in the coming years.

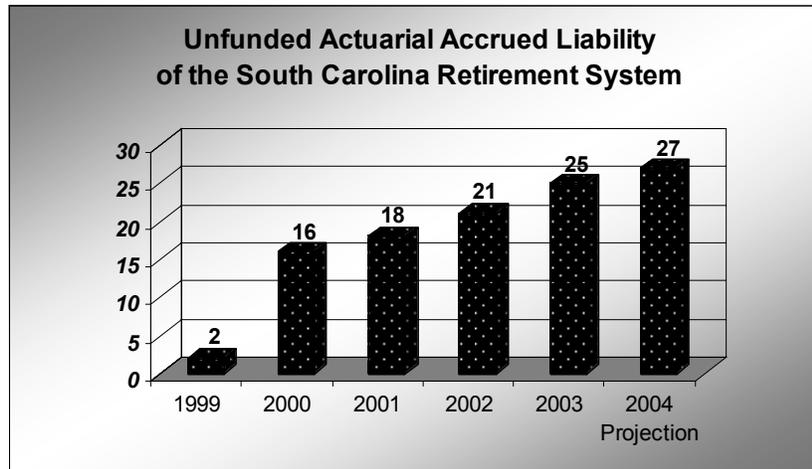
We believe that some debt is better than others. Debt used to finance the right investments enhances the odds for a better quality of life in South Carolina over the long run, while debt simply used to finance consumption moves us toward a poorer quality of life. In this budget, debt service alone represents more money than we spend on public safety, protecting children and adults, and improving natural resources combined. In education terms, the annual debt service amount would equal roughly \$281 per pupil if added to the Base Student Cost.

We propose taking funds from the FY 2004-05 projected surplus and using them to pay off some of those outstanding debts. In total, we propose \$49.2 million dollars to retire outstanding obligations. Though this spending represents a small percentage of the overall debt burden held by the state, it is a down payment on a policy we believe is critical to making us more competitive and easing the overall burden to South Carolina's taxpayers.

If implemented, our proposal to better manage statewide debt will produce \$4.3 million in gross savings and free up \$12.8 million in recurring monies for FY 2006-07.

### **Retirement System Crisis**

From 1999 to 2004, the state retirement system's debt load increased from \$178 million to \$4.2 billion, a staggering 2,000 percent increase, taking the system from strong financial soundness to near its constitutional debt limit. Moreover, if the true future liabilities of the system are considered, the system already is beyond the state constitutional limit, which requires the system to have funds sufficient to meet all of its accrued liability on a sound actuarial basis.



The South Carolina Retirement System administers four defined benefit pension plans for state and local government employees, police officers, judges, solicitors, and legislators. The financial health of the Retirement System is based on actuarial valuations of the future liabilities and future assets of the system based on a variety of economic and demographic assumptions. The unfunded liability of the system is currently \$4.2 billion. Governmental accounting standards require that the unfunded portion of future liabilities be amortized within 30 years. The Retirement System's unfunded liability has skyrocketed from a two year unfunded liability in 1999 to 27 years today. This increase in debt is largely due to the addition of the TERI program, the reduction of the years of service required to retire from 30 years to 28 years, and the payment of cost of living increases (COLAs).

The enactment of the TERI retirement option in 2001 has caused an enormous drain on our retirement system. TERI allows state employees to officially retire, but defer their retirement benefits while continuing to work for up to five years. Since its inception, over 14,000 employees have retired under the TERI program, which has caused an unfunded liability on the Retirement System of over \$100 million.

Additionally, the five-year TERI period hinders the ability of agency heads to appropriately manage their staff and costs the state another \$7 million annually in double leave payouts, according to the Budget and Control Board. As we pointed out in last year's executive budget, the TERI bill's original sponsor believes the program has grown far beyond its original intention, and the MAP Commission recommended eliminating the program altogether. We will continue to push for legislative changes that would modify the TERI program to eliminate the double leave payout.

The current 27 year unfunded liability does not take into consideration future cost of living adjustment increases. State law currently requires the payment of COLAs as long as the Retirement System can absorb the costs within its ability to take on additional unfunded liabilities. The state has consistently paid COLAs over the past 35 years. COLAs increased the system's unfunded liability \$149 million in 2002, \$278 million in 2003, and \$211 million this year. Current projections show the Retirement System will

be unable to pay COLAs as early as 2006. The Retirement System estimates the future cost of an average three percent COLA increase would add an additional \$9 billion to \$11 billion in unfunded liabilities.

Since 1991, the employer portion of health and dental insurance for state retirees has been collected via a surcharge on current employees' payroll, meaning those dollars are coming from the state's budget as well as school and local government operating funds. Health insurance coverage is provided for state retirees through the State Health Plan. The health and dental insurance surcharge, however, flows through the Retirement System, and this increasing liability should be viewed in the context of the other benefits the state provides its retirees.

The payroll assessments used to pay for retirees' health care has increased from 1.4 percent in 1991 to 3.25 percent this year. This is on top of the 7.55 percent (10.3 percent for public safety) employer contributions to the Retirement System. The total dollar amount has increased by 400 percent – from under \$50 million to over \$190 million annually.

In 2001, Watson Wyatt & Company conducted an actuarial valuation of the state's health insurance benefits for retirees. They concluded that the state's liability for future retiree health insurance benefits was over \$5.8 billion, which is more than the current \$4.2 billion, 27-year unfunded liability in our Retirement System.

Total unfunded liabilities if our current benefit levels are maintained:

Retirement System "known" unfunded liability	\$ 4.2 billion
Cost of future COLAs (3 percent average projection)	\$10.0 billion
<u>Cost of unfunded retiree benefits (minimum)</u>	<u>\$ 5.8 billion</u>
<i>Total true unfunded liability</i>	<i>\$20.0 billion</i>

The separate management of the Retirement System's equity and fixed income assets hinders the system's ability to earn greater investment returns that could help reduce the system's unfunded liability. Under current law, the equity portfolio is managed by the Budget and Control Board, with recommendations from the Investment Review Panel, while the fixed income portfolio is managed by the State Treasurer. A 2001 audit by Independent Fiduciary Services found that our fragmented investment structure resulted in a lack of coordination between the equity portion of the portfolio and the fixed income portion.

Current law also caps the equity investment at 40 percent. The 2004 Wilshire report on the funding levels and asset allocation for 123 state retirement systems found that the median allocation for United States equities was 43.5 percent, with one system as high as 68.8 percent and one with no United States equities in its portfolio. Along with unifying the management of the system's equity and fixed income assets, the 40 percent cap on the system's equity portfolio should be adjusted to allow our investment managers to place more assets in equities if the state's investment strategy calls for it.

Our current laws allow few options for dealing with the enormous unfunded liability of the Retirement System. The state can increase employer and/or employee contributions to the system, obtain increased investment returns on the current assets of the system, or reduce or eliminate benefits. Each option presents tremendous challenges. Increasing the amount state workers pay for retirement would come on the heels of last year's increase in their State Health Plan premiums. Finding additional general fund dollars to increase the employer contributions to the system will not be possible, given the state's other pressing needs in health care and education. Obtaining greater investment returns is always fraught with uncertainty. Reducing or eliminating benefits makes it more difficult for the state to attract employees. Nevertheless, regardless of these challenges, the state must address the \$20 billion in unfunded liability arising from retiree benefits.

Other state and local governments are facing similar difficult choices. For instance, in Oregon where the unfunded liability grew to \$17 billion, its Legislature suspended COLAs for some retirees, limited the amount the state contributed for employee retirement accounts, and updated the state's life expectancy tables. Governor Schwarzenegger has proposed that California roll back benefits for newly hired state employees to 1999 levels. Colorado needs almost half a billion dollars of new revenue to cover pension shortfalls. Property taxes have been raised 44 percent and 50 percent in Syracuse, New York, and Hanover, Pennsylvania, respectively, to cover pension costs. Next year's budget for San Diego calls for reduced police services and the closure of 15 community centers as a result of pension woes.

As first steps toward reducing the system's unfunded liability, we will support legislation that moves the system back to 30 year retirement for newly hired employees, eliminates the TERI retirement option for newly hired employees, ends all double-leave payouts, requires the costs of COLAs to be reflected in the system's funding formula, and unifies the management of the system's investment portfolio, along with more flexibility to invest in equities.

The changes we propose will help address the unfunded liability of the system, but they will not solve the problem entirely. The enormous costs of defined benefit pension plans have resulted in many corporations abandoning them. Only 17 percent of private sector workers are covered by a defined benefit plan, while 90 percent of all state and local government workers are in such plans. In 1986, the federal government changed its pension system for federal employees by adding a defined contribution component, which helped lower the federal government's overall pension costs. Similarly, South Carolina will have to make fundamental changes to its system if it is to remain a viable vehicle for providing retirement benefits.

It is our view that state employees should have more options and control over their retirement accounts. As a move in that direction, we will support legislation expanding the current Optional Retirement Program administered by the Retirement System. The program is a defined contribution retirement plan for certain state, public school, and higher education employees. Under the Optional Retirement Program the employee

makes the investment decisions regarding his/her retirement account. The funds can be transferred to other eligible retirement plans if the employee leaves state service. We believe the plan should be the only state plan extended to new state employees. This would allow new state employees greater control over their retirement account, so that they have the opportunity to earn larger investment returns from their accounts and at the same time reduce the amount taxpayers will have to spend for future retirement benefits.

**Fix the Structure**

## Fix the Structure

**Boards and Commissions are not very well suited for administrative work.... It diffuses accountability and responsibility for decision making. This inherent clumsiness of boards and commissions as governing agents is often described in common language as ‘building a racehorse by a committee – you wind up with a camel!’**

**– Chairs David Wilkins and Nick Theodore, *Modernizing South Carolina State Government for the 21<sup>st</sup> Century*, September 1991**

We believe that government is involved in the service delivery business. Voters should expect and demand a government that focuses on the needs of its customers first and foremost and strives to offer superior service. However, the lack of accountability in our fragmented management structure hinders employees’ abilities to focus on their customer. At the root of this service delivery problem is a current management structure that is unable to take advantage of citizen feedback.

The last time South Carolinians took a comprehensive look at the structure of their government and rewrote the state constitution was in 1895. Our state was home to one million people and our state budget totaled *only \$1 million*, and innovations such as the airplane, automobile, radio, television, and internet were years away. The farm was the state’s business model – with revolutions of industry, globalization, and technology still on the horizon. In that era, a fragmented system was perhaps desired as the state’s many agrarian communities were mainly concerned with the continuity of government services. Duplication of services was less of a concern.

Today, South Carolina is home to more than four million people – and the horizon of 1895 has changed literally beyond recognition. Simply put, a century’s worth of innovations and technological advancements have created a world the framers of our state constitution could have scarcely imagined – let alone predicted.

This outdated system must be reorganized to run like a business focused on both its customers and its costs, not its own interests. With technological advances that now extend to government service delivery, our current structure with its overlapping bureaucracy often loses sight of government’s new objective – giving taxpayers what they need quickly and cost-effectively.

Becoming more efficient, effective, and accountable to the taxpayer ultimately results in South Carolina obtaining a competitive edge in creating jobs and small businesses. The need for more accountability is especially important in light of the significant growth of state government. Our state currently spends nearly 130 percent of the national average

on the cost of government. In 1995, South Carolina's total budget was \$10.650 billion; over the past ten years it has increased 57 percent to \$16.818 billion.

We have often learned the hard way in South Carolina that a system accountable to everyone is accountable to no one. We elect governors to manage the executive branch, but their management is diluted because of the unusually high number of constitutional officers we elect. As a result, our system ends up with less accountability, not more.

On the other hand, the new Department of Motor Vehicles (DMV) is an excellent case study for central accountability. By making the DMV a cabinet agency accountable to the governor, what was once the poster child for inefficient government is now a model for positive change. South Carolinians who spent hours in line waiting for service a year ago, now average 15 minutes — which means more productive time at work or, better yet, time at home with their families. Impressively, DMV was able to accomplish this while requesting 50 percent less in general funds and offering an additional \$10 million in surplus funds in the 18 months since becoming a cabinet agency. We should expect this level of service and fiscal responsibility from every agency in state government and must move beyond our antiquated bureaucratic structure in order to create an atmosphere that will provide for excellence.

In extending these efficiencies, *we propose the following three changes to create a centralized, accountable management structure:*

1. Restructure the executive branch's management structure.
2. Restructure and/or consolidate agencies with similar missions, while making these agencies accountable to the governor rather than part-time boards or commissions.
3. Make the support functions of government accountable to the governor rather than part-time boards or commissions.

**I. Restructure the Executive Branch’s Management Structure**

It may appear that having multiple executive branch officers empowers the people; however, this structure really serves to erode any real accountability. As Alexander Hamilton noted, “One of the weightiest objections to a plurality in the executive...is that it tends to conceal faults, and destroy responsibility.” For that reason, we propose the reduction and restructuring of the constitutional officers as follows:

**Put the Governor and Lieutenant Governor on the same ticket.**  
In the long-standing tradition of the federal executive branch, where the President and Vice President run on the same ballot, we propose having the Governor and Lieutenant Governor run together as a team (as they do in 24 other states).

- Make the following cabinet positions appointed by the Governor, with advice and consent of the Senate:**
- 1. Adjutant General** – In an effort to streamline the state’s administrative offices and to provide a greater degree of accountability, we propose having the Adjutant General appointed by the governor (as they do in 48 other states).
  - 2. Commissioner of Agriculture** – As with the Adjutant General, in an effort to provide greater accountability, we propose having the Commissioner of Agriculture appointed by the governor (as they do in 30 other states).
  - 3. State Superintendent of Education** – As part of our plan to provide a centrally accountable management structure for the state’s public education system, we propose having the State Superintendent of Education appointed by the governor (as they do in 11 other states).
  - 4. Secretary of State** – In the tradition of the federal executive branch, where the Secretary of State is an integral part of the president’s cabinet, we propose having the Secretary of State appointed by the governor (as they do in seven other states).

The idea of inter-branch checks and balances requires three separate, but equal, branches of government; however, intra-branch checks and balances can cripple a branch’s ability to perform its constitutional duties. The South Carolina Constitution, ratified in 1895 at a time when all women and most African Americans did not have the right to vote, established a very weak executive branch of government with the governor sharing the executive branch power with eight other elected statewide constitutional officers. Having such a large number of elected officials in the executive branch frequently results in our government working at cross-purposes and producing inconsistent public policy. We urge the General Assembly to allow the public to vote on amending the constitution so that as of January 2011, the constitutional offices we have proposed above could be converted from statewide-elected offices to agencies run by appointees of the governor.

## II. Streamline and Create More Accountability in Government

*There is no central point of accountability for the performance of these agencies. Because non-cabinet directors are not directly appointed or terminated by the Governor, the Governor is not directly responsible for the performance of these agencies. . . . Governors in neighboring states have greater authority to appoint department heads than South Carolina's Governor.*

– Legislative Audit Council Report, January 2003

In the past 83 years, South Carolina has conducted 15 major reorganization studies, all of which reached a similar conclusion – that state government in South Carolina has far too many government agencies, making it fragmented, unwieldy, and unaccountable. The resulting overlap of functions and the duplication of efforts make our government both expensive and inefficient. Our agencies are aligned based upon antiquated funding streams rather than being citizen-centric and organized by the needs of clients. We need to consolidate departments with similar missions under the cabinet to provide better service to our clients and better value to the taxpayer.

Additionally, much of South Carolina's state government is run by part-time governing boards and commissions that are largely unknown to the general public. Although the governor is often held accountable for the actions of agencies, the reality is that it can take a newly elected governor several years to replace a board, and even then he or she still has no actual control over agency operations. This diffused executive authority leaves no one responsible for the overall direction of government. The old maxim, "When everyone is in charge no one is in charge," applies to our structure of state government.

As is the case with most states and the federal government, South Carolina's governors need to be held responsible for effectively executing the will of the General Assembly and administering the business of state government. Our current system with diffused authority and inadequate oversight is part of the reason for our high cost of government.

We propose that the following state agencies be consolidated, simplified, and made more accountable to South Carolinians – a task which becomes much more feasible if a strong cabinet form of government is brought to the executive branch.

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**Restructure the State Department of Education**

Within our state education system, we have a State Board of Education that provides a duplicative level of administration above the statewide elected Superintendent of Education. We also have several special schools duplicating services or administrative structures and competing for scarce resources.

**State Department of Education**

1. Transfer the powers of the State Board of Education to the Superintendent of Education.
2. Move ETV, the Wil Lou Gray Opportunity School, School for the Deaf and Blind, the John de la Howe School, the Governor’s School for Science and Mathematics, and the Governor’s School for the Arts and Humanities under the administrative direction of the State Department of Education.

**Create an Efficient Health and Human Service Delivery System**

The state health and human service delivery system is fragmented with too many agencies providing duplicative services. As with the state’s educational system, we propose that these state agencies be merged and established in a cabinet-level agency to improve accountability to the people of South Carolina. In accomplishing this task, we are adhering to the recommendations of the following Legislative Audit Council reports.

January 2003 Legislative Audit Council Report – In January 2003, the Legislative Audit Council (LAC) completed an in-depth study of the state’s eight health and human service agencies. The report found that similar services are provided by multiple agencies, causing these agencies to spend extra resources on service coordination. The report noted that the overlap causes increased administrative costs in areas such as finance, personnel, and information technology.

The report also found that since most of the agencies were outside the cabinet, the result is “no central point of accountability for their performance.” The report pointed out that “[a] cabinet system could increase accountability and responsiveness to client concerns by directly linking the performance of agencies with a single statewide elected official who is authorized to implement changes.” The report concluded, “If programs with similar services were consolidated into fewer agencies, under the authority of a single cabinet secretary, obtaining help from state government could be made less complex. The need for different agencies to make referrals to each other could be reduced while planning and budgeting could be done more comprehensively. In most cases, administrative costs could be lower.”

October 2004 Legislative Audit Council Report – In October 2004, the LAC produced a follow-up to the January 2003 report. While the agencies have implemented some of the LAC recommendations, none of the 2003 recommended changes to state law were enacted. The LAC’s recommendations to restructure the health and human services agencies have not been implemented. The LAC found that similar services are often provided by multiple agencies. It was further found that five of the eight agencies are

not in the governor's cabinet, and there is no single point of accountability for their performance.

We largely agree with the LAC reports and have based much of our proposed structure around their findings. Our main concern is the need for services to efficiently and effectively meet the needs and choices of consumers. Our current system clearly does not. The following proposed system will be a health and human service delivery system that will be more accountable, more affordable, and most importantly, will provide for improved care for our citizens.

**Department of Health Oversight and Finance**

1. Rename the Department of Health and Human Services the Department of Health Oversight and Finance.
2. This agency will continue to be the lead agency for Medicaid oversight and finance of Medicaid expenditures.

**Department of Health Services (Health Services)**

1. Division of Public Health (currently the health programs at the Department of Health and Environmental Control).
2. Division of Mental Health (currently Department of Mental Health).
  - The powers of the current Mental Health Commission would be given to the director of Health Services and the members of the commission would serve as an advisory board.
  - Continuum of Care for Emotionally Disturbed Children would be moved from the Governor's Office to the new Division of Mental Health.
3. Division of Disabilities and Special Needs (currently Department of Disabilities and Special Needs)
  - The powers of the current Disabilities and Special Needs Commission would be given to the director of Health Services and the commission would serve as an advisory board.
4. Division of Addiction Services (currently Department of Alcohol and Other Drug Abuse Services).

**Department of Rehabilitative Services**

1. Merge the Vocational Rehabilitation Department and the Commission for the Blind.
2. The administrative responsibilities of the Vocational Rehabilitation Department and the Commission for the Blind would be given to one director appointed by the governor with advice and consent of the Senate.
3. The board members of the Vocational Rehabilitation Department and the Commission for the Blind would serve on advisory boards.

**Establish a Department of Environment and Natural Resources**

Currently, the state’s environmental and natural resource programs are distributed among several state agencies. In managing these important resources, there should be, in our view, a closer connection between the agency that manages our natural resources and the agency that provides environmental regulation.

In order to reduce duplication, we have proposed consolidating these agencies into a single agency accountable to the governor. By doing this, we will be more in line with our neighboring states. For instance, North Carolina’s Department of Environment and Natural Resources and Georgia’s Department of Natural Resources provide both regulation and enforcement of environmental and wildlife laws.

The inefficiencies of our current system are exhibited by the bifurcated approach to water quality, as DNR and DHEC are both actively involved in watershed management. Pooling the conservation activities from DNR with the regulatory activities from DHEC, as well as both agencies’ enforcement functions will provide for a more cost-effective and comprehensive management approach to this crucial state function.

We propose the creation of a Department of Environment and Natural Resources with a cabinet-level director, appointed by the governor with the advice and consent of the Senate. DENR would be structured as follows:

<b>Department of Environment and Natural Resources (DENR)</b>
1. Division of Environmental Protection (currently the Environmental Quality Control Division and the Ocean and Coastal Resource Management Division of the Department of Health and Environmental Control). <ul style="list-style-type: none"><li>- Maintain an environmental regulatory board.</li></ul>
2. Division of Natural Resources (currently the Department of Natural Resources). <ul style="list-style-type: none"><li>- The powers of the current Department of Natural Resources Board would be given to the DENR director, and the members of the Board would serve as an advisory board.</li></ul>
3. Division of Forestry (currently the South Carolina Forestry Commission). <ul style="list-style-type: none"><li>- The powers of the current Forestry Commission would be given to the DENR director, and the members of the Commission would serve as an advisory board.</li></ul>

**Merge Departments of Corrections and Probation, Parole and Pardon Services**

South Carolina is one of only ten states in which the functions of the Department of Corrections are separate from the responsibilities of the Department of Probation, Parole and Pardon Services. Indeed, more than half of all states house all of their probation, parole, and pardon functions within a unified corrections department.

We believe a unified Department of Corrections and Probation will ensure that offenders are managed and measured by one agency from admission to final release, whether that release is directly from prison or from a lesser level of state supervision. A unified corrections system will ensure that decisions about behavior and risk assessment are made consistently. The agency would be run by a cabinet-level appointment of the governor with advice and consent of the Senate.

We believe a unified system will have several benefits:

1. A unified system would immediately allow better coordination and the exchange of information, resources, and personnel.
2. Savings in eliminating administrative duplication would immediately allow for better use of our scarce programming resources in areas such as drug and alcohol treatment and re-entry programs.
3. Victims of crime would have a single point of contact to learn about the status of their offender from entry to completion of sentence.

This administration will be working with the leadership of the General Assembly to develop a new alternative sentencing option for non-violent offenders. Options such as restitution centers and electronic monitoring fall squarely between the missions of the two agencies charged with the oversight of criminals. By joining these related functions into a single entity, as most other states have done, we will be able to improve coordination, better manage limited resources, realize significant financial savings, and improve protection for our law-abiding citizens.

In addition to combining the Department of Corrections and PPP, we propose combining the state's two parole boards. Currently, the state has separate boards at PPP and the Department of Juvenile Justice. While DJJ's parole board heard over 1,848 individual cases in FY 2003-04 at a cost of \$383.68 per case, PPP heard over 4,881 individual cases in FY 2003-04 at \$63.01 per case. Because these two parole boards have very similar missions, we feel this presents an opportunity to gain efficiencies and savings by merging them.

**Department of Corrections and Probation**

1. Division of Corrections.
2. Division of Probation, Parole and Pardon Services.
  - The PPP Board would be combined with the DJJ Board to perform probation, parole, and pardon functions.

**Consolidate job creation and economic development programs**

Our administration’s primary goal is job creation and economic development. Federal, state, and local resources that help create jobs and promote economic development are poured into programs that promote that goal, but we fall far short of getting the most out of those dollars because the programs are inefficiently scattered among various state agencies. To maximize the effect of these dollars and to ensure that the mission focus is consistent, cohesive, and strong, we propose that the economic development programs, and in many instances the agencies that currently administer them, be housed in a single agency. In addition, the savings in administrative dollars would allow more funds to be dedicated to the core mission of job creation and economic development. This proposed consolidation, outlined below, offers us a great tool in strengthening the “laser-beam focus on economic development.”

**Department of Commerce**

1. Retain the current functions of the Department of Commerce.
2. Office of Local Government (currently at the Budget and Control Board).
3. Workforce Investment Act (currently at the Employment Security Commission).

The Workforce Investment Act of 1998 (WIA) created a federal framework for job training and employment programs. The South Carolina Employment Security Commission currently provides the administrative support for WIA in South Carolina. In last year’s executive budget, we recommended better coordination of the spending of WIA funds within the overall framework of the economic development goals and strategies at the Department of Commerce. Over the last year, we have not seen the level of coordination that we believe is critical to our focus on economic development. Moving WIA to Commerce will ensure that over \$60 million in WIA funds are used to help build the high-skilled workforce needed to attract new industry to South Carolina.

**Create a Department of Literary and Cultural Resources**

In 1991, the Commission on Government Restructuring recommended putting all four of our cultural and literary agencies under the administration of one agency. However, no such change was made as a part of the 1994 Restructuring Act. As we proposed last year, we believe that housing all of these agencies will streamline management and administrative costs.

While we strive to streamline administrative duplication in our arts and cultural agencies, our neighboring state of North Carolina has had a consolidated arts and cultural agency in place since 1971. The North Carolina Department of Cultural Resources was formed to provide cultural, artistic, and historic resources to the citizens of North Carolina in a unified manner. The department was formed by combining the Office of Archives and History with the then newly created Office of Arts and Libraries, which provides arts, literary, and cultural experiences to citizens throughout the state.

Just as North Carolina has eliminated administrative duplication in its arts and cultural agencies, we would propose to do the same in the following manner:

**Department of Literary and Cultural Resources (DLCR)**

1. Create a Department of Literary and Cultural Resources and DLCR Board.
  - The DLCR Board would be responsible for appointing the director of the agency.
  - The DLCR Board should have equal representation from each of the four areas to ensure fair and balanced weight.
2. Division of Archives and History (currently the Department of Archives and History). We also propose moving the Institute for Archeology and Anthropology from USC to this division.
3. Division of Arts (currently the Arts Commission).
4. State Library.
5. State Museum.

**Create a State Trust Fund Authority**

Currently, the state maintains various internal service funds that manage a variety of risks related to public buildings, torts, medical malpractice, automobile use by public employees, health and disability, and workers compensation. These funds include the Insurance Reserve Fund, Employee Insurance Programs Fund, State Accident Fund, Patients' Compensation Fund, Medical Malpractice Liability Insurance Joint Underwriting Association, and Second Injury Fund. These funds are currently operated independently of each other. As a move toward merging these various funds, we propose unifying the Insurance Reserve Fund, which manages the state's property and tort liability risks, and the State Accident Fund, which manages the state's workers compensation risks. The risks managed by these funds are sufficiently related that they should be administered under the authority of one agency with one administrator. The creation of a trust fund authority will eliminate duplicative overhead costs and will allow the coordinated management of these funds. This approach would make it more likely that the funds would only be used for their prescribed uses. We believe other funds could be added over time. The administrator would be appointed by the governor for a six-year term, with the advice and consent of the Senate.

**State Trust Fund Authority**

1. State Accident Fund.
2. Insurance Reserve Fund.

**Merge the Office of Indigent Defense and the Office of Appellate Defense**

Currently, the state maintains separate Offices of Indigent Defense and Appellate Defense. In a number of other states, including North Carolina and Georgia, the appellate defense function has been incorporated into the larger indigent defense system. Like these states, South Carolina's Offices of Indigent Defense and Appellate Defense provide separate and distinct services; yet, they ultimately serve the same clientele. This is exhibited in the services that each agency provides for the other. For instance, Indigent Defense has provided monetary assistance to Appellate Defense and Appellate Defense serves the Bar and South Carolina's public defenders by providing appellate representation. Currently public defenders represent approximately 85 percent of defendants in General Sessions Court and carry individual average caseloads of 450 per year, rendering appellate representation virtually impossible.

A united system with one oversight board can provide more flexibility and eliminate competing budgetary interests. Most importantly, a merger of Appellate and Indigent Defense can result in more streamlined and efficient delivery of services to indigent clients and ultimately benefit the judicial process. This outcome was recognized by members of both the Indigent and Appellate Defense Commissions, who recently approved merging their agencies. For these reasons, we are proposing to merge these agencies and create a new Office of Indigent Defense.

**Office of Indigent Defense**

1. Create a new Office of Indigent Defense.
  - An Office of Indigent Defense Board, consisting of members who properly represent the interests of indigent clients, would be responsible for appointing the director of the agency.
2. Division of Appellate Defense (currently the Office of Appellate Defense).
3. Division of Indigent Defense Payables and Review (currently the Office of Indigent Defense).

### III. Make Support Functions of Government More Accountable

*The Commission found that the other functions that it had defined as clearly executive tasks also fall within the Budget and Control Board's responsibility. Day-to-day oversight of these functions has been delegated to the Executive Director of the Board, reinforcing the Commission's finding that these tasks are too immediate and crucial to be overseen by a Board that meets only twice a month.*

- Chairs David Wilkins and Nick Theodore, *Modernizing South Carolina State Government for the 21<sup>st</sup> Century*, September 1991. [Note: The Budget and Control Board now only meets once a month.]

We believe that we must create a cabinet-level Department of Administration to provide better support services to state agencies. We are the *only* state in the country that empowers a quasi-legislative/executive board to oversee the administrative support functions of our state.

The 1,100 plus employee Budget and Control Board provides to nearly every state agency a variety of services and support, ranging from procurement, mail delivery, human resources, real estate, data and telecommunications, retirement, construction, and building maintenance. The five-headed structure of the Board results in a lack of accountability and contributes to some services of the Board costing too much. While they may be named different things, it is important to note that *all* of the other 49 states have their administrative support agency under the sole authority of the governor. A Chief Executive of any well-run company or well-run state must have that direct line of authority in order to have the accountability needed to be successful. Therefore, we once again urge the General Assembly to create a Department of Administration.

As the state's Chief Executive Officer, the governor should be responsible for the central administration of Executive Branch functions of state government. However, currently the Budget and Control Board assumes several functions that we have proposed putting into a single, cabinet-level agency to manage daily operations of the state government. For instance, two of the Budget and Control Board's stated policy objectives, which we believe fall under the executive branch under the direction of the governor, are:

1. Provide a structure for coordinating inter-agency activities and operations.
2. Bring about the efficient and effective use of the state's personnel, fiscal, and capital assets.

The Department of Administration would be in the governor's cabinet to ensure accountability of support services and hiring policies in state government. We propose that the director of the Department of Administration be appointed by the governor with advice and consent of the Senate.

**Department of Administration**

**From the Budget and Control Board and the Governor's Office:**

1. Office of General Services – Our state owns over 8,000 buildings comprising 60 million square feet of space with no central authority to make management decisions. Tens or even hundreds of thousands of square feet of state-owned office space sits vacant, yet the state leases hundreds of thousands more square feet of office space from the private sector.
2. Office of Human Resources – Not having any one person in charge or responsible can allow for the perpetuation of programs that need fixing or ending. The Teacher and Employee Retention Incentive Program was created to retain our best teachers, but instead has resulted in the possibility of double or even triple leave payouts and has increased the unfunded liability of our state retirement system by over \$100 million. Our state has a generous retirement system that has run up \$4.2 billion in unfunded debt that is growing and must be addressed.
3. Employee Insurance Program.
4. Energy Office.
5. Division of Procurement Services – Our state's antiquated procurement system, currently overseen by the Budget and Control Board, sometimes serves as a roadblock that unnecessarily slows down time sensitive projects. For instance, the Department of Parks, Recreation and Tourism recently engaged the procurement system to assist them in outsourcing the state's bait and tackle shops. What should have been a simple procurement matter was delayed, thereby preventing PRT from outsourcing these shops within a reasonable timeframe.
6. Division of Internal Audit and Performance Review.
7. Research and Statistics (excluding Digital Cartography and Precinct Demographics) – Digital Cartography and Precinct Demographics are related to redistricting after the Decennial Census, which is largely a legislative branch function.
8. One-half of the Executive Director's office.
9. One-half of the Internal Operations office.
10. Governor's Office of Executive Policy and Programs (excluding Guardian ad Litem Office, Continuum of Care, and the State Ombudsman).

By moving the above-listed central administrative functions to the governor's cabinet, the Budget and Control Board could then focus on key areas of state fiscal policy, specifically by:

1. Approving state revenue and expenditure projections.
2. Authorizing the issuance of bonds.
3. Addressing budgetary shortfalls.
4. Administering the State Retirement System.

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5. Exercising such other specific fiscal responsibilities as may be enumerated by law.

In addition to those activities being moved from the Budget and Control Board to the governor's cabinet, we also propose that the Department of Administration provide administrative support for a Chief Information Officer (CIO) and a State Inspector General (IG).

**Department of Administration – CIO and IG**

1. Chief Information Officer (CIO) – The CIO's Office would be responsible for establishing information technology standards and strategic plans across state government. Currently, there is a division of the State Chief Information Officer within the Budget and Control Board. This division would be transferred to the Department of Administration and the CIO would be appointed by the director of the Department of Administration.
2. State Inspector General – We propose creating a central office responsible for identifying waste, fraud, and abuse within the executive branch. The Inspector General's Office would be established and appointed for a 6-year term in the same manner as the Chief of the State Law Enforcement Division. The Inspector General would be nominated by the governor and confirmed by the Senate, serving a six-year term.

**Sunset Commission**

Former President Ronald Reagan once said that “nothing lasts longer than a temporary government program.” We have found this to be the case in South Carolina – even if the activity is something that the public no longer needs.

Much of this problem results from our lack of a routine review of the agencies and basic functions of our state. A 2002 study entitled “Sunsetting to Reform and Abolish Federal Agencies” by the Cato Institute points out that “companies are routinely put out of business, or ‘sunset,’ by new firms that better serve the public. Government agencies are the only organizations in society that can have immortality without good performance. In the private sector, poor performers are routinely weeded out and resources shifted to more productive activities. A sunset law could help bring that same healthy process of renewal to the government sector.”

One of our country's most progressive sunset programs was enacted by Texas in 1982. As part of the creation of their Sunset Commission, the charter of nearly every agency in the state expires every 12 years unless it is renewed by the state Legislature. This expiration date, which actually includes a 13<sup>th</sup> year grace period, forces a legislative commission to review 1 out of 12 of their agency's charters every year and make suggestions as to whether or not the agency should continue as is, should continue with different functions, should merge with a similar agency, or should continue to exist at

all. The Texas Sunset Commission has saved taxpayers over \$720 million since its inception, generating a return of \$42 for every \$1 invested in the agency.

In the 2000-01 bi-annual budget years, an impressive 207 of the 230 recommendations made by the Texas Sunset Commission were accepted by the state Legislature, which resulted in \$17 million in savings. The recommendations ranged from major changes such as restructuring the Texas Department of Economic Development for \$3 million in savings to smaller ideas such as a \$168,000 adjustment to the Texas State Board of Plumbing Examiners' budget. Florida uses a similar process under their Office of Program Policy Analysis and Government Accountability. This agency proposes an annual business plan to the Florida Legislature based upon agencies' performance and outcome measures. A total of \$443 million in recommended savings has been adopted by the Florida Legislature since 1994.

The results in both Florida and Texas have yielded benefits to the taxpayers in lower costs of government. In fact, both states have no income tax and operate with low state revenues of approximately \$2,800 per person. This number compares very well with the United States average of \$3,800 for states and especially when contrasted with South Carolina's revenue of \$4,059 per person. *Governing* magazine's 2004 *Fact Book* reveals that South Carolina state government operates with a ratio of 248 state employees per 10,000 residents, which is 40 percent higher than the United States average of 177 state employees per 10,000 in population. South Carolina's ratio is 59 percent higher than Texas at 156, and exactly double Florida's number of 124 state employees per 10,000 residents.

Texas and Florida can offer some lessons for officials in South Carolina interested in running our government more efficiently and effectively. A 2004 Heartland Institute study concludes, "by requiring that a program be periodically reauthorized the sunset commission strategy helps ensure spending programs do not live on in perpetuity, regardless of their effectiveness." Last year, the South Carolina House passed a measure which would have created a Sunset Commission as a division of the Legislative Audit Council (LAC), but the bill stalled in the Senate. Sunset legislation has been pre-filed in both legislative bodies by LAC Board members and primary sponsors, Reps. Rex Rice and Adam Taylor in the House and Senator Scott Richardson with Senator Jake Knotts as a co-sponsor in the Senate. Because we strongly believe that a regular review of existing laws will provide substantial benefits to the taxpayers of South Carolina, our budget recommends \$585,570 to fund a Sunset Commission under the LAC.

# Innovate Education

## Innovate Education

**The main hope of a nation lies in the proper education of its youth.**

– Erasmus

In the 21<sup>st</sup> century, our greatest economic competitor is not necessarily next door, in the region, or even in the country. Instead, we are facing competition from around the globe for jobs that could wind up either in South Carolina, Fort Worth, Texas, Hong Kong, or even New Delhi, India. Internationally, students in the United States rank near the bottom in math and science. In the education world, the chalkboard has been replaced by the computer screen – linking students to all four corners of the globe. It is this technological revolution that has also opened up the marketplace across oceans and beyond.

Given that is the world in which we compete for jobs, it is also the world we should look at for measuring our education achievement. While South Carolina and Georgia trade turns at 49<sup>th</sup> and 50<sup>th</sup> in SAT scores, other states, and even other countries are making dramatic choices to more positively impact the educational achievement of their children.

South Carolina has made some progress over the past five years in terms of SAT scores, gaining 32 points on the average test versus 10 points nationally, which puts us first in improvement. Despite such progress, South Carolina dropped back to 50<sup>th</sup> place again this year after moving into 49<sup>th</sup> two years ago. Sadly, our students have ranked at or near the bottom of the SAT list for the past three decades. This is not a statement against the dedicated teachers, parents, or students who have worked to boost student achievement in the classroom. Instead, it is a statement on the policymaking in Columbia, which can hamstring communities throughout the state from producing the single most important product in our state, well-educated children.

Spending on K-12 public education is the single largest component of our state's budget, making it the highest priority of the state. Today, more than 40 percent of the state's budget is dedicated to educating children and setting the stage for how competitive the next generation of South Carolinians will be. In comparison to other states, South Carolina ranks 26<sup>th</sup> in per pupil spending, while our 8<sup>th</sup> graders rank 43<sup>rd</sup> in the National Assessment of Education Progress test for reading proficiency.

Even more alarming is the achievement gap between white and black students in South Carolina. The 2003 National Assessment of Education Progress scores show a stark difference in proficiency in both math and reading:

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Reading Advanced or Proficient Scores	White	African American	Difference <sup>1</sup>
Fourth Grade	36%	11%	2.7 years
Eighth Grade	35%	10%	2.5 years

Math Advanced or Proficient Scores	White	African American	Difference <sup>2</sup>
Fourth Grade	46%	13%	3.3 years
Eighth Grade	39%	8%	3.1 years

From there we look at our dropout rate, where according to a September 2003 study by the Manhattan Institute, South Carolina ranked next to last in graduation rates. Looking deeper, the 2000 census shows an achievement gap in high school completion – 20 percent of white South Carolinians do not have a high school diploma, while 35 percent of African Americans do not. This gets to the heart of our competitiveness problem. According to the U.S. Department of Health and Human Services, children of parents who are unemployed and have not completed high school are five times more likely to dropout of high school.

Despite our progress in raising SAT scores, we continue to stay at the bottom of the list. In a world of transformative change, we cannot afford incremental change in something as important as education.

In any budget year, good economic times or bad, the demand for dollars will always outpace the availability of them – this is no less true in education. As a result, we must spend the dollars we have available in the most efficient means possible – towards the greatest possible outcomes. Again this year, our chief target for education spending is what we refer to as the front line of education – teacher pay and the classroom.

### **A More Efficient Use of Education Resources**

Throughout the budget hearings, we asked every agency head to explain which activities provide the greatest outcomes and which produced the most marginal. In the education budget, we see, as we did in many others, that the resources were not always spent to produce the desired outcome – in this case, a better educated child.

First, the state currently owns the entire public school bus fleet in South Carolina. In fact, South Carolina has the fifth largest bus fleet in the country, even larger than Greyhound. In one example of how Columbia does not necessarily know best, we require all buses to have the same specifications whether they are for the mountains of the Upstate or the flatter Lowcountry. A Legislative Audit Council report showed potential savings of \$10,000 per school bus purchase by loosening the central standard of school bus purchase and, instead, purchasing school buses that best meet local needs.

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<sup>1</sup> Estimates years of learning differential. *The Performance of Historically Underachieving Groups of Students in South Carolina Elementary and Middle Schools: A Call to Action*. South Carolina Education Oversight Committee. p. 15.

<sup>2</sup> *Ibid.*

In the FY 2004-05 Appropriations Act, there is language allowing school bus purchases to include buses that meet Georgia or North Carolina standards. We would encourage providing even further flexibility for school bus purchases.

Second, our Nationally Board Certified Teachers are not necessarily teaching where they are needed most. In Richland School District 1, a critical needs school district, where roughly 60 percent of the students are on free or reduced lunch, Nationally Board Certified teachers comprise only 5.9 percent of the workforce. Just next door is Richland School District 2 which is not considered a critical needs area. In that district, 30 percent of the students are on free or reduced lunch, yet 20 percent of the teachers are Nationally Board Certified. We recommend that we focus our efforts in putting Nationally Board Certified teachers in critical needs areas as a means of attracting better qualified teachers in areas that cannot successfully recruit those teachers now. In states such as California and New York, Nationally Board Certified teachers are only awarded bonuses if they teach in low performing schools. In Illinois, the state offers a two-tier bonus plan, \$3,000 for all Nationally Board Certified teachers and an additional \$3,000 for teachers in critical needs areas. We propose limiting the bonus for Nationally Board Certified teachers to only critical needs or low-performing areas in the state. This proposal is consistent with a proposal released earlier this year by the Democratic Leadership Council in their *2004 State and Local Playbook* advocating the use of National Board bonuses as an incentive to recruit teachers into the poorest school districts in a position paper entitled, "Employing Board Certified Teachers Wisely."

There are other examples which we will discuss further in the "Improve K-12 Student Performance" section on Elementary and Secondary Education – but all of these illustrations suggest we need to better spend our dollars for better results.

### **A More Flexible Use of Education Resources – *SMART Funding***

Our main goal in the education budget is more dollars going directly to the classroom. Many dollars are tied to very specific funding categories and do not allow local school districts to put resources where they are needed most. The Education Improvement Act was enacted in 1984 as a set of grants directed to schools to implement dynamic new programs aimed at improving educational achievement. However, over time, the EIA budget has become a collection of more than 70 different programs, which give Columbia greater leverage over dollars spent in communities around the state.

We believe that spending decisions are better made closest to the child they affect, and propose putting in place a measure which would give school districts greater flexibility in those decisions.

In each appropriations act for the last three fiscal years, school districts have received a degree of flexibility in spending via proviso. In our first two State of the State addresses, we called for the General Assembly to enact a permanent statute which would provide school districts more flexibility in how they spend the dollars allocated to them. This proposal, SMART Funding, would put more education spending decisions in the hands

of the communities, rather than dictating policy from Columbia. This proposal, introduced by Representative Roland Smith and co-sponsored by Speaker David Wilkins and House Ways and Means Chairman Bobby Harrell, passed overwhelmingly in the House in 2003 and came very close to passing in the Senate.

This proposal is also one of the Education initiatives we included in the Contract for Change. We will work closely with the General Assembly in the upcoming legislative session to enact this bill in 2005.

### **The Need for Transformative Change**

South Carolina schools are in need of innovation and alternative school options for parents and students who are not receiving a high quality education. In the 2004 school year, only 17 school districts out of 85 met the Adequate Yearly Progress (AYP) goals set by the State Department of Education. While the No Child Left Behind Act allows parents to exercise choice for students trapped in schools labeled “Needs Improvement,” a majority of students do not have another non-“Needs Improvement” high school in the same home county or within a reasonable driving distance to which they can transfer.

A June 2004 study issued by the Education Oversight Committee reported that students who receive free and reduced-price lunches are likely to fall even further behind their peers in math and reading in the next ten years unless dramatic corrective action is taken. According to the EOC, “This is an achievement challenge of crisis proportion.”

The state has demonstrated a strong commitment to increase funding over the last ten years, going from 45<sup>th</sup> to 27<sup>th</sup> nationally in per pupil spending, even though the state ranks 42<sup>nd</sup> in per capita personal income (PCPI). In fact, adjusting for regional cost differences, South Carolina spent 105.4 percent of the national average per pupil in 2002, a 9.5 percent increase from the previous year. In the Southeast, only West Virginia and Georgia outspent us.

However, the current status of education has left our students without the necessary tools to be competitive in the 21<sup>st</sup> century workforce. Fifty-two percent of adult South Carolinians score at literacy levels one and two. Level three has been identified as a minimum standard in today’s labor market. The hourly manufacturing earnings in South Carolina are 24 percent of the national average. In fact, the per capita personal income in South Carolina, a good indicator of the economic health, is 83 percent of the national average. The PCPI has remained relatively flat over the past 15 years.

Looking at the statistics and the impact they have had on the quality of life in South Carolina suggest that more needs to be done. With a strong accountability law in place since 1998 and, as indicated in the 2002 comparison above, South Carolina spending per pupil exceeds the national average, it is time to look for innovative ways to reform our education system. Jay Greene of the Manhattan Institute created the Education Freedom Index to measure how states rank in allowing parental choice in education. In

2001, South Carolina ranked 39<sup>th</sup>, clearly reflecting the limited number of options for our parents and families.

We support two initiatives, which provide more choices for parents: charter schools and tax credits for parents to pay for a school of their choice. These are not new concepts. For over 100 years in Maine and Vermont, rural towns, unable to afford the cost of building their own schools provided tuition to their children to go to schools – both public and private. In Arizona, for over a decade, charter schools have educated a growing number of students and improved test scores for students who might otherwise fall behind. In Washington, D.C., an unlikely pair of Democrats in Mayor Anthony Williams and United States Senator Dianne Feinstein (CA) joined the Bush Administration in advocating for a school choice initiative, which has now given 1,000 students in the District of Columbia a chance to get out of their failing school and into a school of their choice.

**Expanding Choice – *Statewide Charter School District***

In 1996, the General Assembly enacted the South Carolina Charter School Act allowing for the creation of charter schools, which are non-traditional public schools. However, the requirement was for the local school board to approve and then provide oversight and funding for the operation of these schools. Any charter school application that was denied by the local school board could appeal to the State Board of Education. In 2000, the General Assembly modified the law to establish a statewide charter advisory board to review all charter applications to ensure that an application complied with all aspects of the law before the application was considered by a local school board. Despite these encouraging steps, only 19 charter schools have been approved to date.

The population of charter schools in South Carolina is significantly different than public schools: 72.3 percent of charter school students are black and 27 percent white, compared to traditional schools, where 42.8 percent of students are black and 56.2 percent of students are white.

We propose expanding the legislation even further to encourage the growth of charter schools and provide additional tools for those schools to succeed. A similar bill was introduced by Speaker Pro Tem Doug Smith, and co-sponsored by Speaker Wilkins, House Education and Public Works Committee Chairman Ronnie Townsend, and K-12 Education Subcommittee Chairman Bob Walker. The bill would create a statewide charter school district, the Carolina Public Charter School District, to govern charter schools. Under the proposed legislation, this district would be considered a Local Education Agency and would be eligible to receive state, federal, and private grant and loan funds. Though this district would not have a local tax base, like traditional school districts, it would receive 100 percent of the state's Base Student Cost for which any school district is eligible.

One of the benefits of this statewide district would be the ability to apply for more federal grant programs than under current state law. We expect that having multiple

authorizers legislation, along with access to far more resources, would significantly increase the number of charter schools in the state.

This legislation passed the House in 2004, but was never debated in the Senate. However, given the importance of passing this legislation immediately, we also included the Charter School proposal as one of the Education Initiatives in the Contract for Change. We will again work closely with the General Assembly to enact this legislation in the 2005 Legislative Session.

### *Benefits of Charter Schools*

According to a recent study by Caroline Hoxby of Harvard University and National Bureau of Economic Research, students in charter schools are four percent more likely to be proficient in reading and two percent more likely to be proficient in math.

There are many states that have an active and growing charter school population that have experienced success in improving test scores. Most charter schools in South Carolina have only been around for a few years, and serve a small population, so they provide little in the way of telling information at this point. However, we believe there are other examples nationwide that show the benefits our children can receive.

In states where charter schools are more established, proficiency tends to be greater. In Arizona, which has one of the oldest charter school laws in the country, fourth grade students are about seven percent more likely to be proficient in reading and math. In California, students are eight percent more likely to be proficient in reading and three percent in math. In Colorado, students are 11 percent more likely to be proficient in reading and math. Most importantly, in the District of Columbia, the only area with lower SAT scores than South Carolina, charter schools are open to 11.3 percent of all students. Students in D.C. charter schools are 35 percent more likely to be proficient in reading and 40 percent more likely to be proficient in math.

In Arizona, charter schools have been around for a decade. The student population does not mirror that of the public schools:

- 61 percent of charter students are on free or reduced lunch, compared to 50 percent in traditional public schools.
- 5.8 percent of the charter students were designated as special needs, compared to 3.8 percent in traditional public schools.
- Only 2 percent of charter students were designated as gifted, compared to 7.6 percent of public schools.

Studies indicate that students in Arizona charter schools perform better than those in traditional public schools. In a three-year study of charter school students, researchers observed an annual achievement growth of roughly three points higher than traditional public schools. Over a four year period of elementary school, this amounts to an

additional full year of growth. Even in meeting AYP, 62 percent of charter schools met AYP compared to 54.5 percent of traditional public schools.

In Georgia, charter students exceed traditional public school students in “meets” or “exceeds the standards” in proficiency:

**Reading**

Grade Level	Charter Schools	Traditional Schools
4	81%	80%
6	84%	82%
8	86%	81%

**Math**

Grade Level	Charter Schools	Traditional Schools
4	74%	74%
6	73%	70%
8	73%	66%

Source: Georgia State Department of Education

As demonstrated in the chart above, though charter school students start at about the same proficiency level in Grade 4, the charter students make greater gains in both math and reading by Grade 8. This is particularly important because success in Grade Eight often indicates success in completing high school.

Ultimately, we believe charter schools offer a public school option for students who may be struggling in traditional public schools. In order to foster a more successful charter school environment, as we have seen in other states and cities, we believe passage of a statewide district will allow that option in much greater numbers than available today.

**Expanding Choice – Put Parents in Charge Act of 2005**

Under the No Child Left Behind Act, parents can remove their children from a failing school and transfer them to another school within the district. However, for some students another school within the district is simply not an option. If a parent wishes to send their child to a school in another district, they must pay an additional charge, usually in the thousands of dollars – this does not include the additional cost of transportation. However, out-of-district transfers to another public school can be difficult to obtain even if the parent has the financial resources to pay for the additional costs. In an effort to help parents and students fully realize the possibility of escaping historically failing schools, we support enactment of the Put Parents in Charge Act. The legislation would provide a tax credit to parents for a portion of the cost of educational expenses against the state income tax liability. These credits may be used for the costs of enrolling and transporting a child to another South Carolina public or charter school, a South Carolina private school, or for home school expenses.

For students in low-income families, this legislation also provides scholarships awarded from non-profit organizations, known as Scholarship Granting Organizations. These

non-profit organizations could receive contributions from local businesses, community leaders, or citizens who wish to provide greater educational opportunities to the children in their community. To ensure the dollars go directly to the benefit of the student, the legislation requires 95 percent of all contributions to go directly to scholarships. A similar program has provided scholarships to thousands of low-income children in Florida for nearly three years now.

We believe this level of school choice is such an important component of making transformative change to education, we have included this as one of the Education Initiatives in the Contract for Change.

### *Greater School Choice Increases Outcomes*

The state of Florida has one of the largest school choice programs in the country. Their program, known as Opportunity Scholarships, provides scholarships to students in consistently failing schools to go to another school. In Florida, test scores at schools that face losing students to Opportunity Scholarships have increased at twice the rate of other schools. A study by the Manhattan Institute for Policy Research demonstrates that competition from school choice in Florida improves performance in failing schools more dramatically than reducing class sizes from 25 students to 17 students.

In a recent study of the Milwaukee Parental Choice Program, 64 percent of the students enrolling in high school in 1999 under the program graduated in 2003 – compared to 34 percent in Milwaukee Public Schools<sup>3</sup>.

### *Public School Teachers Exercise School Choice*

In a September 2004 study for the Thomas B. Fordham Institute, researchers looked at available 2000 Census data to see where public school teachers sent their children. The primary available data was for public school teachers in urban areas, rather than school teachers across the nation; however, the information provides insight that even those closest to the public school setting see a benefit to school choice.

According to the study, 21.5 percent of urban public school teachers sent their children to private schools versus 17.5 percent of the public as a whole<sup>4</sup>. The differential was more pronounced when looking at families with annual incomes of less than \$42,000, where 14.9 percent of public school teachers sent their children to private schools versus 10.3 percent of all families with less than \$42,000 annual income<sup>5</sup>.

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<sup>3</sup> *Graduation Rates for Choice and Public Schools in Milwaukee*, School Choice Wisconsin, September 28, 2004, p. 5.

<sup>4</sup> *Where Do Public School Teachers Send Their Kids to School?*, Denis Doyle, Brian Diepold, and David A. DeSchryver, Thomas B. Fordham Institute. September 7, 2004, p. 2.

<sup>5</sup> *Where Do Public School Teachers Send Their Kids to School?*, Denis Doyle, Brian Diepold, and David A. DeSchryver, Thomas B. Fordham Institute. September 7, 2004, p. 3.

This data is not to reflect on the support that public school teachers have for public schools, but rather the actions of a parent acting in the best interest of their child. We believe legislation such as the Put Parents in Charge will give more parents the resources to make such choices.

*Town Tuitioning – Vermont and Maine*

To provide educational opportunities for its children, many of whom live in rural and non-urban areas, Vermont and Maine long ago instituted a practice known as “town tuitioning.” This practice has been in effect since 1869 in Vermont and 1873 in Maine, meaning that choice programs have existed in the United States for over 100 years.

In both states, small, rural towns were given the choice of either building public schools or using public dollars to send students to another public school or a private school. The public funds could also be used to send students to out-of-state schools – even out of the country.

In Vermont, 20 percent of all secondary students are tuitioned students, 53 percent in public high schools, 41 percent in private schools, and 6 percent attend out-of-state schools. In Maine, 18 percent of all secondary students are tuitioned students, 66 percent enrolled in public schools, 33 percent in private schools, and 1 percent chose to go to school in another state.

In Maine, towns spend an average of \$5,732 per pupil for tuitioning a student (totaling \$63 million statewide) – compared to Maine’s state average of \$8,393 per pupil. In Vermont, towns spend an average \$7,347 per pupil for tuitioning a student (totaling \$47 million statewide) – compared to Vermont’s state average of \$9,675 per pupil.

Studies indicate that schools that have higher standardized tests attract more tuition money from parents. According to a study of tuitioning, schools that are closer to tuition towns – whether affluent or poor, rural or urban – have higher standardized test scores than schools that are more distant from tuition towns.

The study also finds that tuitioned students perform 13 percent higher on standardized tests than other students in the respective states. In an estimate of what it would cost the states to produce the same results in traditional public schools, the state would have to increase spending by \$909 per student, increasing education spending by roughly \$300 million dollars.

*International Example – Sweden*

Most often known as a country with high taxation and a highly centralized national government, Sweden has had school choice for more than a decade. In the 1990’s, Sweden enacted two very important reforms that have led to an outgrowth of school choice unexpected in this European nation.

First, the government transferred central authority of schools from a nationwide responsibility to one of the local municipality. When virtually all other government services are provided at the national level, Sweden determined that more local participation in the public education system would be beneficial.

Second, the government enacted two bills in 1991 to enhance the growth of independent, or private schools. The legislation, the Government Bill on Freedom of Choice and Independent Schools and the Government Bill on School Choice, changed the law to allow independent schools to receive funding from municipalities on terms equal to municipal schools.

The schools, which are approved by the National Agency for Education, must operate in accordance with the national curriculum, may not have discriminatory rules of admission, and may not charge a fee, in exchange for full public funding.

Since enactment of the legislation, the number of students enrolled in independent schools has quadrupled and the number of independent schools has increased fivefold. The nationwide enrollment of students in independent schools is roughly 4 percent of elementary schools and 5.6 percent in the high school equivalent (upper-secondary school).

What is particularly important is that rural municipalities, at or above the Arctic Circle, have enrollment well above the national average at roughly 10 percent. Meanwhile, suburbs of Stockholm have enrollment ranging from one-fifth to one-third of the total student population.

According to a recent study by The IUI Foundation, “[w]e find that the extent of competition from independent schools, measured as the proportion of students in the municipality that goes to independent schools, improves both the test results and the grades in public schools.”<sup>6</sup>

### **Conclusion**

Ultimately, our education proposals reflect three simple goals: first, to increase parental involvement to the greatest possible degree in the education of their child; second, to provide options for students in South Carolina to get the best possible education they can; and third, to simplify funding in order to maximize the resources sent to the classroom. In a number of other states, reform initiatives are offering more and better education options to parents.

As of this year, the Bill and Melinda Gates Foundation has contributed more than \$2.2 billion to small school initiatives across the country. According to a study released by the foundation, students in small schools in New York had higher graduation rates than

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<sup>6</sup> *School Vouchers in practice: Competition won't hurt you!*, The IUI Foundation, April 2002, p. 4

their peers in larger schools. Students in small schools in Chicago had a dropout rate one-third lower than students attending big schools.

We have made progress over the last five years on some measurements of education, but we still lag in many others. With the growth of more education choices in other states, we cannot afford to simply rely on incremental change to impact our competitiveness both nationally and internationally. We should stop aiming to get out of the bottom of the list and start aiming to get to the top of the list. We believe these initiatives offer that transformational opportunity to succeed.

Emphasize Economic  
Development

## **Emphasize Economic Development**

*Common sense told us that when you put a big tax on something, the people will produce less of it. So, we cut the people's tax rate, and the people produced more than ever before.*

– **President Ronald Reagan**

The number one priority for this administration is to create an economic climate in South Carolina that attracts new businesses and allows existing businesses to thrive and grow. An expanding South Carolina economy will result in better jobs for more workers. We must focus on improving our state's per capita personal income so that workers in South Carolina earn incomes that are comparable to workers in other parts of the country. From this rising tide of economic prosperity, the quality of our schools, the healthcare of our citizens, and our overall quality of life would be improved. The economic climate we need to accomplish these goals, however, will not materialize by happenstance. Faced with global competition in a technological world of transformational change, businesses increasingly search for more tax-friendly, pro-business environments. It is our view that South Carolina must reform three key areas if we are to create a more business friendly environment: income tax rates, tort liability, and the administration of the state's workforce investment funds.

### **I. Income Tax Reform**

#### **All Taxes are Not Created Equal**

All revenue sources are not equal in terms of the impact on jobs and economic growth. There are certain taxes which can be destructive to economic growth. In comparison with other states, the average South Carolina taxpayer pays the fifth highest income tax rate in the nation. However, when measuring critical economic indicators such as job creation and small business growth, South Carolina is dead last when compared against our immediate neighbors of Georgia, North Carolina, and Florida. Could there be a link between our high taxes and struggling economy? According to economist Dr. Richard K. Vedder – “The income tax is the champion of bad taxes, in terms of its destructive effect on people, prosperity, and their economic well-being.” Dr. Vedder goes on to state that a high state income tax is “far more destructive of economic growth than other taxes, such as consumption levies, or even property taxes.” In looking at South Carolina's current tax code, we believe our relatively high income tax rate is one of the key reasons for our poor economic performance.

According to The Tax Foundation, South Carolina has the 10<sup>th</sup> worst individual income tax policy when applying the policy to businesses in the state. South Carolina's top income tax rate of seven percent is effectively the highest in the Southeast. Clearly, South Carolina has to lower this rate if we intend to become a state that is equipped to compete for businesses and jobs in the regional and global marketplace.

**Reasons for Income Tax Reform**

*An economy hampered by restrictive tax rates will never produce enough revenues to balance our budget—just as it will never produce enough jobs or profits.*

- President John F. Kennedy

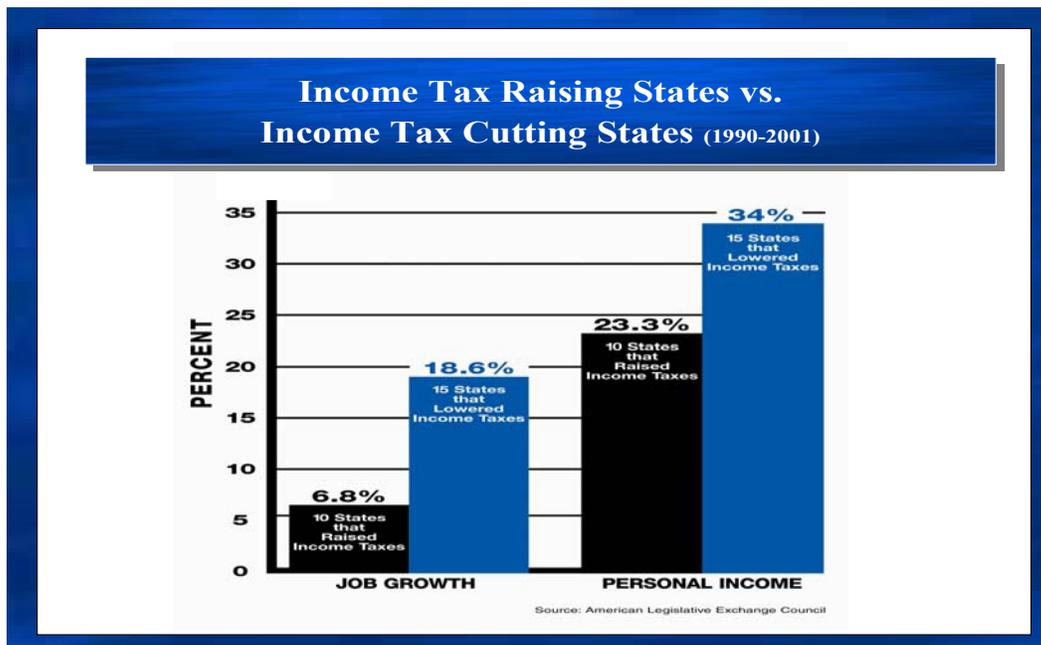
President Kennedy’s income tax reduction policy of the 1960s demonstrates that income tax reform is not just a conservative mindset, but is a policy that is implemented to boost economic growth. He said, “It is a paradoxical truth that tax rates are too high today and tax revenues are too low and the soundest way to raise the revenues in the long run is to cut the tax rates.” During the Kennedy Administration the top marginal rate was reduced significantly, which led to increased economic activity that in turn resulted in income tax collections increasing more than 50 percent from 1963 to 1968. In 1981, Ronald Reagan proposed and signed into law a 30 percent across-the-board tax rate reduction. Tax revenues grew by \$52 billion per year in the 1980s following the implementation of these tax cuts.

Studies indicate that a tax cut can generate a higher growth in overall revenue for a state. According to the American Legislative Exchange Council, all but one of the 15 states that cut income taxes by at least \$75 million between 1995 and 1998 saw income tax revenues climb by ten percent or more during this time period. The average income tax cut for these states was \$616 million over that three-year period, and these tax cuts generated an average 26 percent increase in income tax revenues.

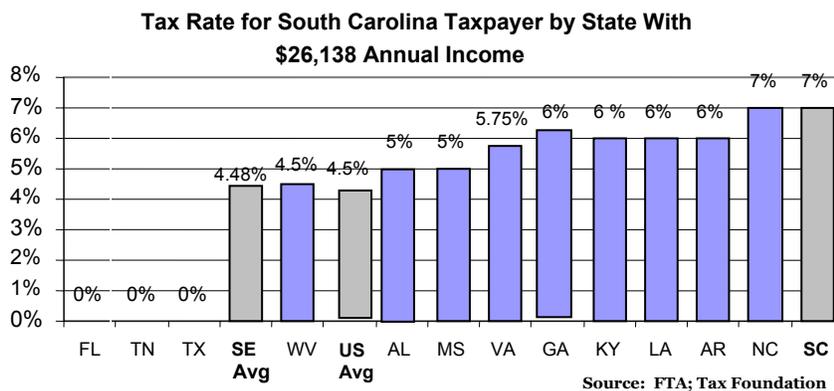
<b>REVENUE GROWTH IN TAX-CUTTING STATES (\$ millions)</b>			
<b>State</b>	<b>Income Tax Cuts FY 1995-98</b>	<b>Income Tax Revenue Growth FY 1995-98</b>	<b>Percentage Growth</b>
Arizona	-\$408	\$396	28%
California	-\$431	\$8,433	18%
Connecticut	-\$533	\$1,160	52%
Georgia	-\$140	\$1,226	34%
Iowa	-\$154	\$724	48%
Massachusetts	-\$395	\$1,823	32%
Michigan	-\$462	\$1,003	-18%
Minnesota	-\$465	\$1,076	31%
Nebraska	-\$84	\$248	35%
New Jersey	-\$752	\$865	19%
New York	-\$4,046	\$2,469	15%
North Carolina	-\$226	\$1,454	34%
Ohio	-\$721	\$535	10%
Oregon	-\$343	\$696	27%
Pennsylvania	-\$81	\$1,299	27%
<b>Average</b>	<b>-\$616</b>	<b>\$1,560</b>	<b>26%</b>

Source: American Legislative Exchange Council

A study by ALEC also shows that, from 1990 to 2001, income tax-cutting states saw substantial growth in jobs and personal income. On the other hand, states that raised the income tax during the same time period saw negative results in the same two economic indicators. As a matter of fact, the job growth rate of income tax-cutting states was 174 percent higher than the growth rate of income reducing states. The personal income growth rate of income tax-cutting states was 46 percent higher than the growth rate of income reducing states.



South Carolina has the highest income tax rate in the Southeast when applying the rate to the 2003 state per capita income of \$26,138. Our proposal would give South Carolina an ending top marginal rate of 4.75 percent. This rate would put us just above the current Southeastern and United States averages for income tax rates being paid on per capita income. From a competitive standpoint, we would prefer to fall below the Southeastern average, but at the very least, it is imperative that we bring our rate down so that we are on par with our neighboring states. Failure to do so will keep us at a competitive disadvantage.

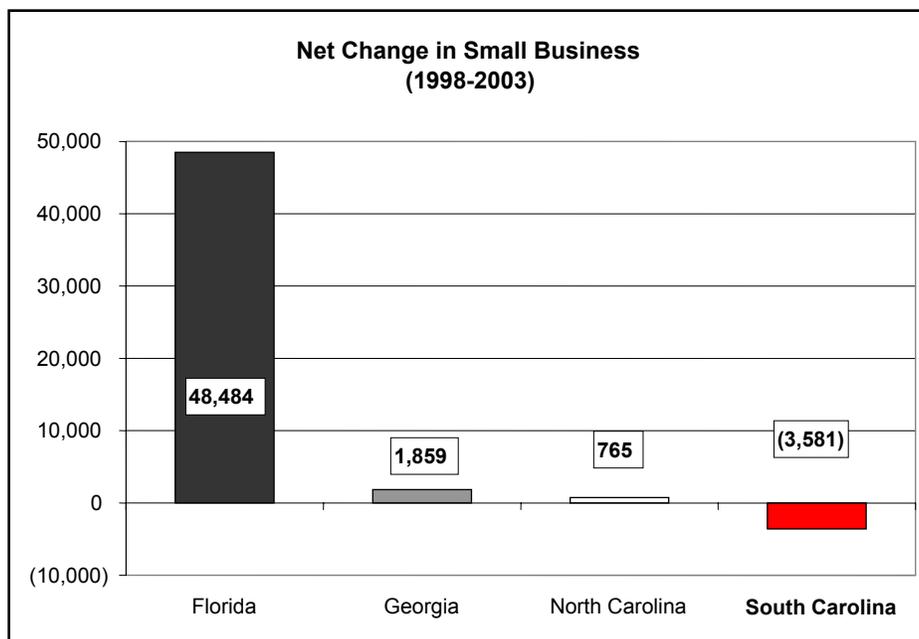


**Small Business Development**

In South Carolina, 97 percent of all businesses are small businesses. Typically, small business owners, whether they are partnerships, sole proprietorships, or limited liability corporations, pay individual income tax. With a state corporate tax rate of 5 percent and an individual rate of 7 percent being paid by most small businesses, we place at a disadvantage the very same small businesses we most want to encourage. Since 97 percent of all businesses are small businesses, a reduction of the income tax rate will promote growth and employment for the overwhelming majority of South Carolina businesses. The tax reduction would go directly to the bottom line of all small business owners. We believe an income tax reduction would give existing small business owners and others more to invest into our economy and would make it easier for new small businesses to form in our state.

Businesses and entrepreneurs have substantial discretion when deciding where to start a company. It is crucial that South Carolina have a positive tax policy to influence these business decision-makers. According to the ALEC publication *Crisis in State Spending*, today's knowledge-based economy makes it easy for individuals and businesses to move from one state to another. As a result, states that maintain burdensome tax policies almost certainly will lose jobs and business growth to competing states.

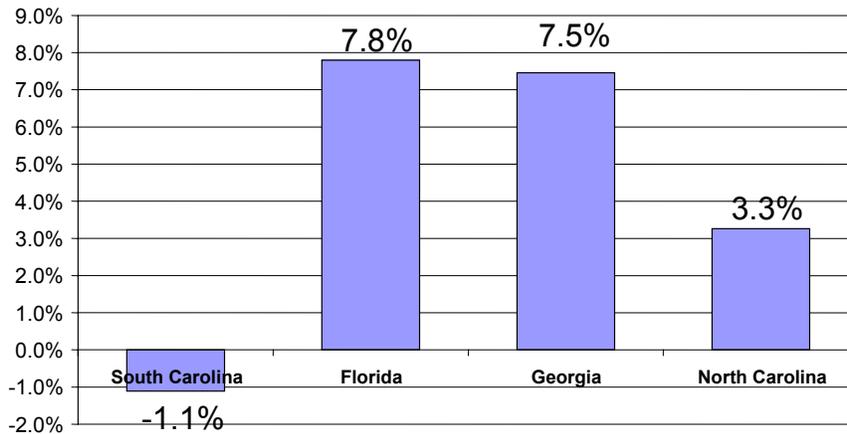
Between 1998 and 2003, we lost almost 3,600 small businesses in South Carolina. While we were losing small businesses, our neighboring states – Georgia, North Carolina, and Florida – experienced net gains during the same time period. In Florida, where there is no income tax, there has been an increase of more than 48,000 small businesses during the same time period. In Georgia, where the average tax rate is 6 percent, there has been a growth of almost 1,900 small businesses. Without a lower income tax, South Carolina will continue to lack the most important tool needed to compete with other states for business and entrepreneurial development.



**EMPHASIZE ECONOMIC DEVELOPMENT**

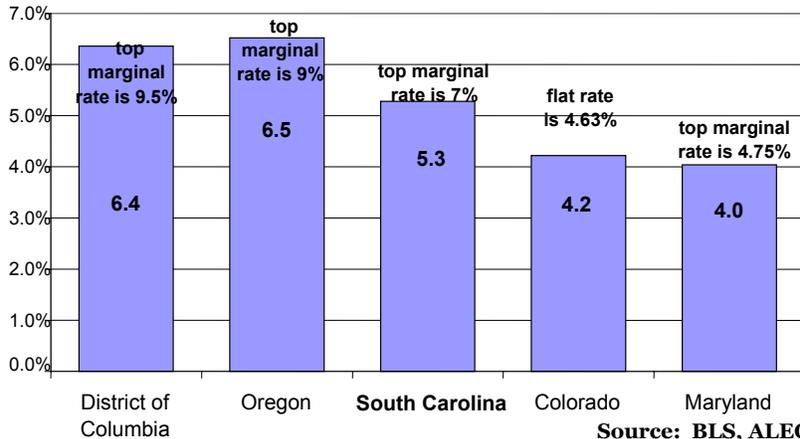
During the period between 1998 and 2003, South Carolina experienced -1.1 percent declining growth rate in total employment. Again, our neighbors experienced a growth in employment, with Florida's growth being the greatest at 7.8 percent during the same period. If we want to provide the best opportunities for South Carolina workers, we must be willing to reduce the income tax to a level that allows us to compete effectively with other states to attract jobs and businesses.

**Percentage Change in Employment  
(1998-2003)**



States outside the Southeast have also seen better economic growth in areas that have lower income tax rates. For instance, Oregon and the District of Columbia have two of the highest income tax rates in the nation at 9.5 percent and 9 percent respectively. They both consistently fall in the bottom tier of employment numbers over a five year time period. On the other hand, Colorado and Maryland have a top marginal rate that is comparable to our proposed 4.75 percent top marginal rate. Interestingly, Colorado and Maryland had unemployment rates that were 21 percent and 25 percent lower than South Carolina's for the same five year time period.

**Five Year Average of Unemployment Rates for Various Income  
Tax States (1999-2003)**



**Competitiveness – Per Capita**

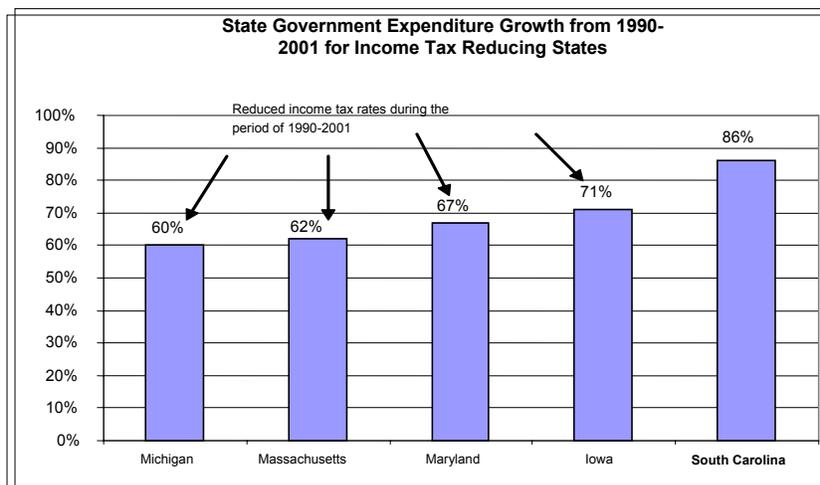
The low level of our state’s per capita personal income (PCPI) is one of the primary indicators of South Carolina’s difficulty in competing for businesses. The average worker in South Carolina earns only 83 percent of the national average. The PCPI in South Carolina ranks only 42nd in the nation, which is once again well behind the states of Georgia, North Carolina, and Florida. This earning gap is not a new phenomenon. Over the last ten years, the gap between PCPI in South Carolina and the national average has grown by \$1,514.

Many businesses will consider a state’s PCPI when evaluating where to locate or expand. Looking at our regional competition, South Carolina ranks 8<sup>th</sup> among the Southeastern states in PCPI and below the Southeastern average. Our immediate neighbors in Florida, Georgia, and North Carolina rank 2<sup>nd</sup>, 3<sup>rd</sup>, and 5<sup>th</sup> respectively. While we need to be competitive globally, we are not even competitive in our own region.

Southeast Per Capita Personal Income		
Rank	State	2003
1	Virginia	\$33,651
2	Florida	29,972
3	Georgia	29,259
4	Tennessee	28,565
5	North Carolina	28,301
6	Kentucky	26,352
7	Alabama	26,276
8	<b>South Carolina</b>	<b>26,138</b>
9	Louisiana	26,038
10	West Virginia	24,672
11	Arkansas	24,296
12	Mississippi	23,343
Southeastern Average		\$27,239

**Limiting Government Growth**

Another benefit of income tax relief is that it will help put a restraint on the rate at which government grows. The correlation between reducing income tax rates and a more reasonable rate for governmental growth has been seen in other states that have lowered the income tax. According to the American Legislative Exchange Council, the states of Michigan, Massachusetts, Maryland, and Iowa all lowered their individual income tax rate at some point during 1990-2001. Each of these income tax reducing states saw government expenditures grow at a much slower rate than South Carolina.



Source: Bureau of Economic Analysis

### **Competition from Abroad**

The internet and globalization have put us into direct competition with other nations in a way never before imagined. A competitive tax environment is key to staying ahead of the curve in attracting jobs and investment. Since enacting flat income tax rates, Slovakia's foreign investment has grown by 500 percent and Estonia has averaged 5 percent yearly growth. Even Russia and China have looked to spur investment through more competitive tax rates. Russia recently imposed a 13 percent flat tax, and China has eliminated its tax on capital gains.

### **Our Tax Reduction Plan**

Our proposed income tax plan would first reduce the top marginal rate by .25 percent in each of the first two years, by .5 percent in each of the next three years, and by .25 percent in the final year for an ending top rate of 4.75 percent.

Our plan would also increase the income tax brackets by full indexation for inflation, rather than the current half rate. In other words, because our current law only increases the tax brackets by half the rate of inflation, more of the taxpayer's income is taxed at a higher rate.

The tax reduction is only imposed in years that a two percent growth in revenue is projected. The implementation of the plan would not take effect until January 1, 2006.

## **II. Civil Justice Reform**

To compete in the global marketplace for jobs and intellectual capital, we must reform our state's tort laws to create a more equitable civil justice system. As the cost of doing business in South Carolina becomes more prohibitive and our neighbors pass tort reforms, South Carolina is increasingly at a competitive disadvantage when compared to foreign markets and states that have improved tort liability systems. According to a recent study by the United States Chamber Institute, our civil justice system already does not compare favorably. South Carolina's legal system ranked 11<sup>th</sup> worst in the nation and could slip even lower with recent reforms passed in West Virginia and Mississippi.

Hampton County has become an example of our current system's failure, as the plaintiff-friendly county attracts lawsuits from around the country and wards off growth-minded businesses. As a result of venue laws that allowed virtually any lawsuit to be filed in Hampton County, businesses like Wal-Mart abandoned plans to locate in the county.

Current law even prohibits defense attorneys from introducing into evidence whether a plaintiff was wearing a seat belt in an automobile accident. Not wearing a seat belt is against the law in South Carolina, and juries should have the right to know if the plaintiff's illegal behavior contributed to the plaintiff's damages. Further, our process

for apportioning damages allows litigants to pursue “deep pockets” for awards when those most at fault are unable to pay.

The status quo endangers the backbone of our economy – small businesses – whose more limited resources render them particularly vulnerable to the high costs of litigation. Of the \$233 billion strain the tort system puts on our nation’s economy, small businesses sustain \$88 billion. These costs translate to a “tort tax” of \$809 per person, up more than 800 percent since 1950, even after adjusting for inflation. We simply cannot afford the cost of our current tort laws.

Our plan for change sets reasonable rules outlining where in the state a tort action can be filed, and ends joint and several liability, ensuring that each party is only responsible for their fair share. Our proposal also closes the loophole in the seat belt law that keeps relevant information away from juries. Finally, we propose placing caps on non-economic and punitive damages in an effort to standardize the amounts awarded by juries and thereby control the potentially explosive costs of liability insurance. Ultimately, we believe civil justice reform should be anchored by a philosophy that our tort liability system be based on common sense and fairness, minimizing barriers to economic growth.

### **III. Workforce Training Initiative**

Over \$60 million in federal money is given to South Carolina via the federal Workforce Investment Act each year. This money is targeted at helping South Carolina train workers to compete in the 21<sup>st</sup> century, a mission vital to the economic future of our state. We need to retrain manufacturing workers who have been displaced by permanent changes in our economy. Too many of our adults lack the basic educational skills to compete in a global marketplace. The Workforce Investment Act of 1998 funding is one of the most important tools we have to tackle these problems.

We believe this federal money should be used in ways that are tightly coordinated with the Department of Commerce’s efforts to bring more high-paying jobs to South Carolina. The most effective use of these dollars is for training programs that relate to the industries and companies that Commerce has targeted. Currently the Employment Security Commission (ESC), an agency with no accountability to the governor, administers the WIA program. In last year’s executive budget, we urged greater coordination between ESC and Commerce. While the level of coordination did improve over the last year, Commerce cannot fully utilize WIA job training dollars while the day-to-day administration of the program rests in an agency that is outside the governor’s cabinet. Accordingly, to increase accountability and better coordinate the WIA program with the state’s economic development activities, we propose moving the Workforce Investment Act program from the Employment Security Commission to the Department of Commerce.

Commerce has done an outstanding job in the past year of reducing overhead and delivering more economic development for the buck. For example, it has cut its annual operating budget by 16.2 percent and cut its staff by 30.9 percent since FY 2003-04. With this leaner staff, the Secretary of Commerce is still getting increased performance. Commerce's Business Development Division set a goal of \$1.5 billion in new investments and 10,000 announced jobs for 2004. The division surpassed both goals by reaching over \$2.6 billion in new investments and over 12,000 jobs. Under the administrative control of the Department of Commerce, the \$60 million WIA program would be an important asset in helping our economy grow and provide more jobs for our citizens.

# Meet the Health Care Challenge

## Meet the Health Care Challenge

**[There are] public health experts who know that a better system of activity and nutrition, combined with a sense of personal responsibility for our own health, will save millions of lives and billions of dollars in the next generation.**

- **Former U.S. House Speaker Newt Gingrich, *Saving Lives and Saving Money: Transforming Health and Healthcare***

Health care encompasses approximately 34 percent of the state budget and greatly impacts the quality of life in South Carolina. Dealing with the rising cost of health care is one of the biggest challenges we face in preparing this budget. South Carolina still has rising health insurance premiums and little focus on prevention efforts, which leads to more expensive trips to the emergency room and institutional care. We also scatter scarce Medicaid dollars over many state agencies. The health of our citizens is so important that in the 2004 State of the State address we issued a personal challenge to every South Carolinian to exercise and become more active. We chose a bike ride across South Carolina as the first Family Fitness challenge. Over the course of three days in May, with Jenny and the boys, we traveled more than 170 miles across South Carolina, and were joined by hundreds of South Carolinians, including Carolina Panthers running back Stephen Davis, who was appointed as our Ambassador for Physical Fitness. This administration will continue to encourage our citizens to make healthier choices in their day-to-day lives and thereby work to reduce the rate of health care spending.

We propose several reforms to help meet the health care challenge:

1. Health care restructuring can improve the delivery of health services.
2. Medical malpractice reforms are needed to help reduce premiums for health care providers.
3. Health Savings Accounts for state employees and their families will bring new market forces to health care in the state.
4. Medicaid Choice will bring real purchasing power options to Medicaid recipients.

### **Health Care Restructuring**

Our largest obstacle to improving health care in South Carolina is the fractured health care system we have within state government. Currently, we have five separate government agencies, with varying degrees of accountability, providing health care services. Many of the programs and services in these agencies overlap in functions and lack coordination. In addition, the administrative burden of operating those five agencies takes dollars away from frontline services – providing expedient and adequate care to the patient. In our restructuring proposal, we overhaul the health care agencies

into two separate cabinet-level agencies: the Department of Health Services, which we believe would provide better coordinated health service to clients, and the Department of Health Oversight and Finance, which would provide health care financing oversight.

Though a much larger restructuring bill is key to improving the accountability within state government, this administration strongly supports restructuring the state's health care agencies. In fact, we included the health care restructuring proposals as part of our Contract for Change. Our 2004 Health Care Restructuring Plan is discussed in greater detail in the "Fix the Structure" section of our budget.

### *DAODAS – A case for restructuring*

In last year's executive budget, we proposed to restructure the Department of Alcohol and Other Drug Abuse Services, putting it into the Department of Health and Human Services, reconfigured as the Department of Health Oversight and Finance. We expected savings to result from that restructuring and DAODAS was to receive a portion of those savings. However, what resulted was a cut to DAODAS's operating budget by over \$2 million without the enactment of our restructuring proposal and an appropriation of \$1 million dollars in lottery funds to partially restore some of the general fund cut.

Following this action by the General Assembly, the Attorney General issued an opinion concluding that the attempt to use Education Lottery money for DAODAS's operating budget was likely to be found unconstitutional.

As a result of last year's cut, DAODAS has reduced its personnel to 25 positions, yet it still functions as its own independent government agency with the additional associated administrative costs. Once again, we believe that an agency of this size is better off consolidating with other agencies to reduce overhead. That way, more of the funds can be spent on client access to services and treatment.

### **Medical Malpractice Reform**

Too many doctors are being forced out of their practices by high medical malpractice insurance rates. Nationally, one-sixth of American doctors report a claim every year. Fifty percent of neurosurgeons are sued every year.

In the face of this impending crisis, some doctors feel the need to protect themselves by practicing defensive medicine, resulting in higher costs for health care. The U.S. Department of Health and Human Services estimated the added costs of practicing defensive medicine to be somewhere between \$70 billion and \$126 billion. Without meaningful tort reform, more doctors will feel compelled to leave their practice, and the cost of both health care and health insurance will continue to climb at unacceptable rates. Less doctors and higher costs lead to less access to health care for our most needy citizens.

**Medical Malpractice Insurance Premium Rates  
South Carolina for Selected Specialties**

<b>Specialty</b>	<b>1999</b>	<b>2004</b>	<b>% Increase</b>	<b>Avg. % Increase Per Year</b>
Pediatricians	\$ 1,915	\$11,367	493%	98.6%
General Surgeons	\$ 8,373	\$40,920	388%	77.6%
Obstetricians	\$ 9,975	\$47,739	378%	75.6%
Neurosurgeon	\$13,182	\$62,549	374%	74.8%

Source: Charleston Post & Courier, May 1, 2004.

In the past two decades, other states left South Carolina at the starting gate in the area of medical malpractice reform. For example, South Carolina is one of only twelve states in the nation that has not enacted legislation ending or modifying joint and several liability, which allows defendants to be sued based on how much money they have (their deep pockets) and not how responsible they were for causing the plaintiff's injury. As more and more states enact medical malpractice reform, South Carolina becomes a more attractive target for venue-shopping trial lawyers, and consequently a less attractive place for businesses and professional practices.

It is time to make South Carolina's business and professional climate competitive again. Our proposal for tort reform includes:

- A \$300,000 cap on non-economic damages. Studies show that caps on non-economic damages rein in the growth of insurance premiums, especially for the medical community. In the areas of general surgery, internal medicine, and OB/GYN, malpractice premiums only increased ten percent in the twelve states with low caps compared to 29 percent in the eleven states with more limited reforms.
- A sliding cap on punitive damages of three times actual damages. As punitive damages are used to punish a defendant's willful misconduct, a sliding cap establishes a correlation between the penalty and the offense. Limits on punitive damages have also been connected to slowing the growth of insurance premiums.
- An end to joint and several liability so each defendant is only responsible for damages he caused. Our plan creates "Fair Share" liability and prevents plaintiffs from searching out the "deep pockets."
- An end to "venue shopping" where lawyers file lawsuits in the county where they think they can get the highest awards, even if neither party is from that part of the state and the accident or injury did not take place there.
- Allowing the admissibility of seat belt evidence so that juries can consider whether the plaintiff's illegal behavior contributed to the plaintiff's damages.

These reform measures will help keep good doctors in South Carolina, as well as make our state more competitive in attracting businesses and jobs.

**Health Savings Accounts**

In July 2004, South Carolina became just the second state in the nation to offer tax-deductible Health Savings Accounts (HSAs) as part of its State Health Plan. Our HSA is included in our new State Health Plan (SHP) Savings Plan option. This option is designed for those state employees who are willing to take greater responsibility for their health care, want lower premiums, and appreciate the opportunity to build up tax-free savings for medical expenses. Approximately 3,000 state employees have signed up to take advantage of this new HSA plan. The monthly premiums will be \$9.28 per month for Individual SHP Savings Plans (versus \$93.46 in the SHP Standard Plan) and up to \$108.56 per month for the full family SHP Savings Plan (versus \$294.58 in the SHP Standard Plan). This “cutting edge” plan recognizes two realities – market forces are key to creating better products and services and those market forces are also key to lowering and controlling the costs of those same goods and services.

One of the main problems with health care in our state and nation is that much of the true cost of services is hidden from the buyer. Consumers are often under the mistaken impression that not knowing how health care is funded somehow shields them from paying for it. Actually, the opposite is true. In an October 13, 2004, *Wall Street Journal* article, Duke University Health Care Law Professor Clark Havighurst said, “The systematic hiding of health care costs from those who pay them gives rise to the ultimate ‘moral hazard,’ allowing politicians to spend the public’s money on health care in ways the public would never choose for itself either in the marketplace or the voting booth.” Thus, it should come as no surprise that the South Carolina State Health Plan has experienced double digit growth over the past few years.

By comparison, in South Africa, where more than 50 percent of private health insurance is conducted through Medical Savings Accounts, consumer costs for health care have actually gone down in recent years. There are some isolated similar phenomena in America as well. For example, the cost of laser corrective eye surgery, an elective procedure generally paid for by the patient and thus more reflective of market forces, has actually fallen in recent years. Market forces tend to curb inflation in other areas of commerce and should be given the chance to do so in health care as well.

The rampant health care inflation we have seen over the years will be difficult to control until citizens are empowered with both the knowledge of their health care costs and the ability to control them. One promising way to control those costs is moving from a third-party payer system, where someone else makes individuals’ health care decisions, to a primary payer system, where the individual makes those choices. Then patients empowered with portable health care dollars will begin to act more like price-discriminating purchasers of health care.

In addition, Health Savings Accounts connect the cost of health care and behavior. It simply makes more economic sense for our citizens to take better care of their health on

the front end through prevention, than on the back end in expensive emergency room care. More than 50 percent of health care's final cost could be lowered through changes in behavior. With HSAs, patients will have a personal financial incentive to prevent the medical problems associated with tobacco use, poor dieting, and lack of exercise. By tying personal behaviors and their financial consequences more closely together, HSAs can help contain the skyrocketing costs of health care.

Health Savings Accounts will free more South Carolinians to shop for insurance coverage and medical services, selecting those that fit their needs and wallets. These people will have ownership of their health care, and an economic incentive to handle their health needs in the most cost-effective manner, which benefits both the consumer and the state. Health Savings Accounts, while not a "silver bullet," are an important component of controlling health care costs, and that is why we pushed to include them in the State Health Plan.

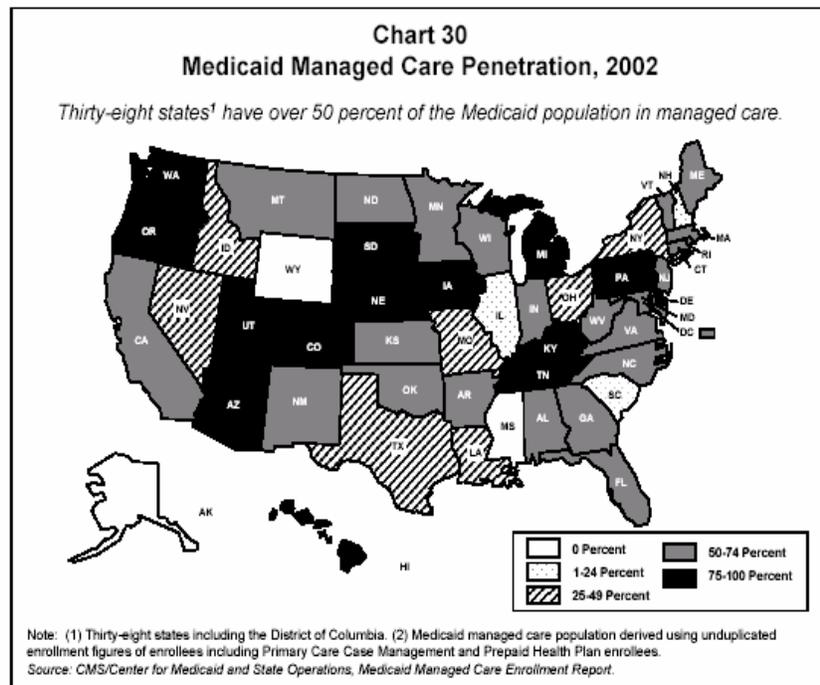
**Medicaid Choice Plan**

If anything, the "cost-hiding" problem affecting the South Carolina health care system is even more acute for Medicaid recipients. Since its inception, the South Carolina Medicaid program has been providing health care coverage to poor, elderly and disabled South Carolinians. This care has been delivered in a "fee-for-service" manner where a provider delivers a service to a beneficiary and subsequently bills Medicaid for payment. Under this traditional method, beneficiaries and providers are isolated from the basic economic forces that drive most markets. The Medicaid beneficiary's incentive is just the reverse of the normal economic incentive. They have unlimited buying power and only benefit from the program when they are using (or when the government buys) health services. The incentive for providers, due to low reimbursement rates, is either to reduce quality or maximize the number of services charged to each recipient.

We believe this structure contributes to a significant disconnect between recipients and those delivering and paying for their care. While not the only factor, it is certainly a major contributor to the rise in Medicaid costs. To increase quality, availability and cost-effectiveness of health care for Medicaid recipients, it is important to bring marketplace principles to the Medicaid program. We should enable the Medicaid beneficiary to participate as a prudent buyer of health care services.

We have applied to the federal government for a waiver to make positive changes to Medicaid in South Carolina. If approved by federal officials, our proposal, known as Medicaid Choice, will bring the benefits of the marketplace to Medicaid in South Carolina. It will create a new Medicaid coverage plan that integrates personal health accounts, personal health incentives, and real options, so Medicaid recipients can choose a plan that works for them.

Under our Medicaid Choice proposal, each Medicaid beneficiary will be given a Personal Health Account (via a government prepaid debit or "swipe" card), which the beneficiary can use for a range of health care services that the beneficiary determines is most important for them. They will still have "major medical coverage" to cover catastrophic care. The account, similar to an HSA, would be funded by an actuarially determined amount.



2004

Centers for Medicare & Medicaid Services

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Beneficiaries would also be able to join a managed care organization if they choose. Three quarters of other states have more than 50 percent of their Medicaid beneficiaries in managed care. South Carolina and Mississippi are the only two states in the Southeast without a significant portion of their Medicaid population using managed care. It may not be the best option for everyone, but it works for some people and should be offered as a choice.

By increasing personal responsibility for health care purchasing choices, Medicaid Choice seeks to strengthen the long-term fiscal health of Medicaid and the physical health of the program's beneficiaries.

# Improve K-12 Student Performance

## Improve the Conditions for K-12 Student Performance

Innovating and improving our K-12 education system to meet the needs of South Carolina's children and ensure them a promising future is the highest priority for state government. Our goal is to provide our children with the necessary resources and tools to succeed and compete in the global marketplace.

To achieve this goal, we recommend an increase of \$133.9 million in new recurring dollars from general funds and Education Improvement Act funds. We believe these additional dollars should be directed to the frontline of education – teachers and classrooms – which is why we are funding teacher salaries at \$300 above the Southeastern average. We are also recommending a Base Student Cost of \$2,213, which includes rolling selected education items into the Education Finance Act. If these funds are not rolled into the EFA, the Base Student Cost would be \$1,944. We are also holding harmless the school districts that would receive fewer dollars under this proposal by appropriating \$23.2 million to their classrooms.

While we are proposing to fund the Base Student Cost at \$2,213, it is important to emphasize that this number does not represent all funding dollars. Including local, state, and federal dollars, the Board of Economic Advisors has estimated total funding per student to be \$9,826 in FY 2005-06 – which is \$1,203 more than the FY 2004-05 estimate. Though the Base Student Cost is sometimes used as the ultimate measurement of education funding, we believe it is more important to consider all types of funding when making this analysis.

Although we have made some progress in educational performance due to the tremendous efforts of teachers, students, and parents on the frontlines, we should not ignore the achievement gaps that exist among South Carolina students, the rest of the nation, and even many parts of the world. We also recognize the need to reduce the achievement gaps that exist among minority students and other students in our state. To this end, bold changes are necessary to realize greater progress in achievement levels for all South Carolina students.

**Governor Sanford's Goals for Improving the Conditions for K-12 Student Performance** are to:

- ✓ Maximize resources to the classroom to provide for quality student learning.
- ✓ Provide for quality teachers, especially in our most challenging classrooms.
- ✓ Provide assistance to underperforming schools.
- ✓ Ensure proper standards and accountability.
- ✓ Focus on early childhood education and development.

**Developing our Purchasing Priorities**

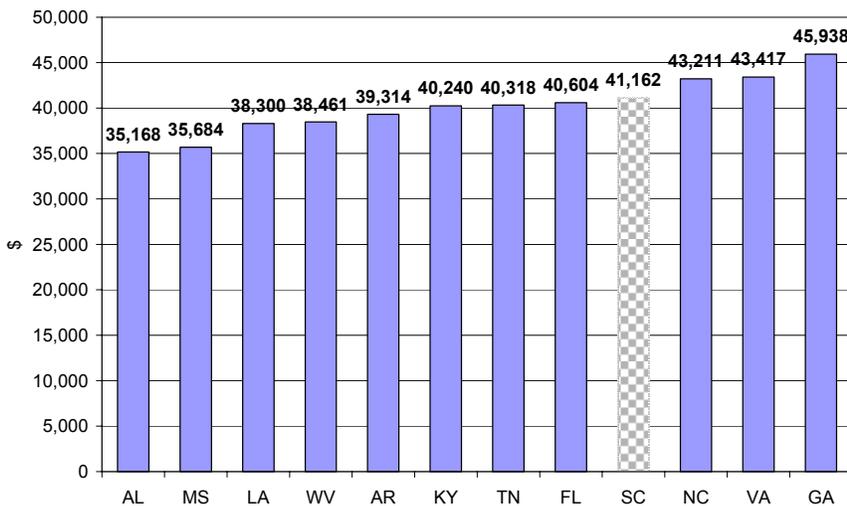
In order to develop our educational purchasing priorities, we first looked at the major indicators of success to determine whether our state is reaching its goal to see every child make academic gains in K-12 and attain a high school diploma. We have found that South Carolina is making some progress; however, there are many opportunities for improvement.

**Where we are succeeding**

South Carolina is meeting some goals to improve conditions for student performance in grades K-12. Although there was a three point decrease this past year in SAT scores, South Carolina has increased overall scores in recent years by a total of 32 points versus a national increase of only 10 points between 1999 and 2004.

In addition, certain schools and districts have shown improvements in academic performance when analyzing selected data from the 2004 Annual School Report Cards. Although 129 schools had a lower rating than the previous year, many of our South Carolina schools showed positive gains – 158 improved their rating.

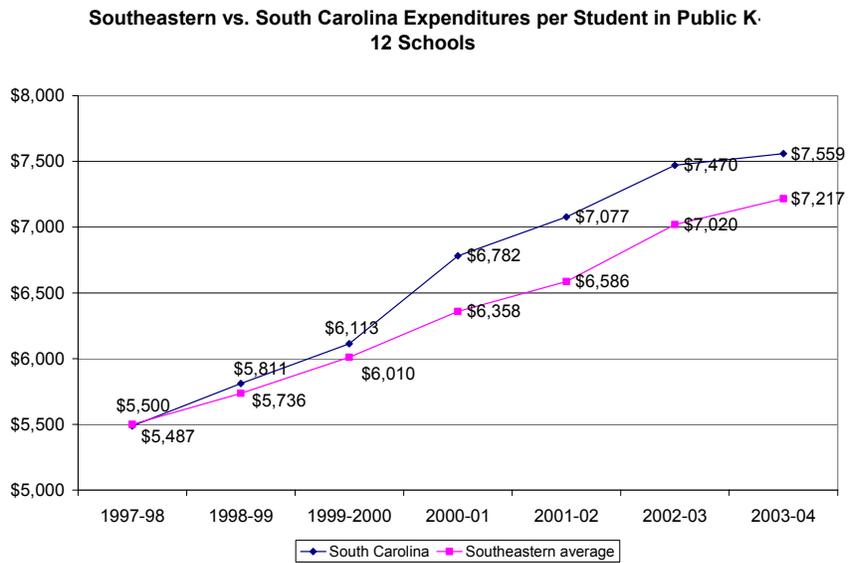
Average Teacher Salaries for Southeastern States (2004)



South Carolina has also made a strong commitment to adequately compensate our teachers. We have consistently increased teachers' salaries to above the Southeastern average. As a matter of fact, a June 2004 study within the *State Policy Reports* ranks us seventh in the nation when comparing teacher salaries as a percentage of state per capita income. In addition, our K-12 system has also benefited from

\$88.6 million in the Reading First grants program that our administration, along with the State Department of Education, successfully pursued last year. This federal program will continue to help schools and districts improve children's reading achievements through scientifically proven methods of instruction.

We have also provided increasing levels of funding per student on an annual basis. According to the National Education Association (NEA), South Carolina's per student expenditures increased 37 percent from 1998 to 2004 in spite of budget shortfalls during some of these years. In comparison to the spending rate of ten neighboring states, our percentage growth for



this time period was nearly 18 percent higher. The NEA numbers, which do not include capital costs, show South Carolina spent almost \$7,560 per student in the FY 2003-04 school year versus the Southeastern average of \$7,217.

During our administration, total funding going to K-12 education has increased. Often, there seems to be a misperception that funding for K-12 education has gone down; however, newly released data from the NEA tells a different story. A December 2004 report from the NEA provides the following findings regarding South Carolina K-12 education from FY 2002-03 to FY 2003-04:

- A **1.6 percent** increase in the number of teachers.
- An **\$89 million** increase in total state revenues for K-12 education.
- Over **\$300 million** increase in total expenditures for K-12 education.

On top of the increased spending for K-12 education last year, our administration recently signed into law a budget that increased education funding by \$161 million for the current budget year. We have also had success in directing a higher percentage of our education resources to the classroom. In the FY 2004-05 Appropriations Act, for example, the General Assembly concurred with our recommendation to reduce the State Department of Education's administrative budget by 10 percent and their expenses for travel and catered meals by 15 percent. The savings from both of these reductions were redirected to the Base Student Cost.

### ***Opportunities for Improvement***

Although we have made some progress in educational performance due to the tremendous efforts of teachers, students, and parents on the frontlines, we can not

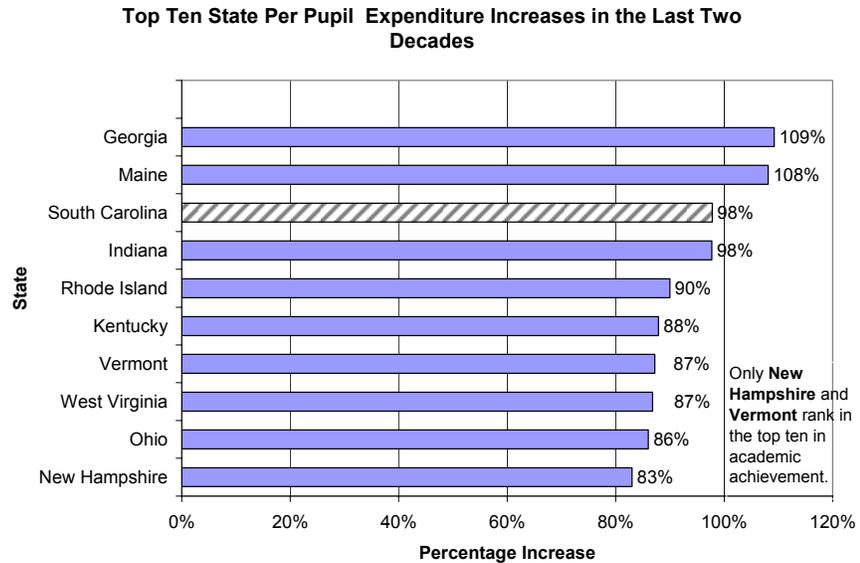
ignore the simple fact that we have much, much farther to go to make up the gap that exists between South Carolina and the rest of the nation.

Spending versus Results

The National Assessment of Educational Progress scores reveal that we still have a significant need for improvement in educational performance. Fourth grade achievement level gains for reading have been minimal and eighth grade gains have been stagnant since 1998. Absolute achievement levels are also low – only 25 percent of our fourth grade students scored at or above proficient in reading and only 32 percent of them scored at or above proficient in mathematics. Clearly, greater gains are needed if we wish to make certain that our students are competitive in the nation and world.

In FY 2004-05, our K-12 education system was appropriated 35.5 percent of the state’s general fund dollars and had total spending of \$3.5 billion from all funding sources. In the two budgets enacted before this administration took office, the total education budget only increased by a total of \$11 million – an average of \$5.5 million per year. In the two budgets since this administration took office, the state’s education budget has increased by over \$230 million – including a \$161 million, 5.5 percent increase in the current fiscal year.

Unless resources are used properly, they are unlikely to lead to improved results. A recently released report from the American Legislative Exchange Council concluded that there is no direct correlation between educational spending and student achievement. The ALEC report indicates that South Carolina has increased per pupil expenditures by 98 percent over the last twenty years – the third highest increase in the country. They point out, however, that we continue to rank near the bottom in terms of educational achievement. In fact, of the top ten states with the highest funding increases for education, only New Hampshire and Vermont rank in the top ten in academic achievement.



This dramatic increase in funding for K-12 education has not lead to similarly dramatic increases in academic results. This can be seen in our low graduation rate. According to

a 2003 study by the Manhattan Institute, the rate of South Carolina ninth graders that do not graduate from high school is 57 percent, making us second to last in graduation rates. This report highlights an on-going trend in South Carolina education. If we continue down this road, our young people will not be prepared for employment and other opportunities later in life.

The ALEC report also ranks South Carolina 46<sup>th</sup> in the nation in terms of educational outcomes. In addition, this past year we fell back to last in SAT score rankings at 50<sup>th</sup> in the nation. Many of the states that rank ahead of us in education are doing so while committing fewer resources to K-12. It is time South Carolina citizens get more results for the relatively high cost that they are paying for education.

To that end, it is our goal to appropriate each educational dollar in the most valuable way. To be discussed in detail later, our current assessment testing practice is one area that could be reformed. While reforming this education area, better diagnostic information could be provided sooner and also fall in line with the cost of testing in other states. Georgia and Idaho spend almost \$20 and \$25 dollars less than we do, respectively. Changes to provide assessment testing at the same level of Georgia could generate significant savings that could be added to the Base Student Cost.

### Keeping a Global Perspective

We are very aware of our importance as a component of the American school system. If our nation is to successfully compete for good jobs with other nations, our state must do its part in improving the academic performance of our students.

A recent study by the Organization for Economic Cooperation and Development (OECD) tested the academic skills of fifteen year olds in 41 countries. While United States high school students ranked number one just a generation ago when compared to these countries, today's results show the United States performance level has fallen below the OECD average in all but one area. At a recent briefing in Brussels, Andreas Schleicher, an OECD project director, states three key characteristics seen in many of the successful school systems worldwide.

- **“A decentralized system where schools are given a large degree of autonomy over curriculum and budget decisions.”** We also believe education in South Carolina needs to provide a system where more decisions can be made at the local level.
- **“Another important element is an open, flexible education system.”** We, too, agree that flexibility is key in an education system. Whether it be appropriating funds in a more flexible manner or giving local districts more choices regarding specific education programs, we believe more flexibility in our education system will produce better academic results.
- **“Successful schools have teachers who have a large degree of autonomy and responsibility.”** This allows teachers to have the

feeling of professionalism and pride while having the liberty to decide what is best for their students.

While South Carolina is making some progress, we still rank very low nationally in a number of key education categories such as dropout rates and SAT scores. Our low national rankings, however, within a system that is falling behind internationally makes our need for significant reform all the more urgent, especially as we find ourselves in an ever more global competition for jobs.

### Consolidating School Districts

Today there is a huge disparity in the size of school districts. District sizes range from almost 1,000 to 60,000 students. District size varies from county to county. For example, Greenville County only has one school district, while neighboring Spartanburg County has a total of seven different school districts.

In the past fifty years, South Carolina has made progress in consolidating school districts. The state has reduced the number of school districts from 1,220 down to 85 during this time period. While this is a step in the right direction, we feel that our children can further benefit by continuing down this path.

By consolidating the smaller school districts, the newly formed districts will be able to maximize resources so that each child in that area can receive the education they deserve. The merging of districts will also reduce duplication and unnecessary administrative costs.

A 2003 study prepared for the EOC also states that some smaller districts “are spending too much on fixed costs for leadership and operational costs and not enough on teachers’ salaries and hiring better-qualified teachers.” The study estimates that \$26 million in administrative cost savings would be realized if school districts were to consolidate to a minimum of 2,500 students per district. While this policy change would only affect some school districts, we believe the consolidation of these districts would benefit the teachers, parents, and students that want the most out of their educational dollar. We therefore propose a proviso to require all school districts in South Carolina to have a minimum of 2,500 students by July 1, 2006.

### Inefficient Budgeting Process

In the FY 2004-05 Appropriation Act, 53 line items were devoted just to the State Department of Education for the purpose of passing these dollars through to the district level. These line items do not even include the numerous other dollars that go to administration, transportation, and other educational entities like the EOC, First Steps, and special schools. The dollars used to fund these items included funds authorized by the Education Finance Act, the Education Improvement Act, the Education Accountability Act, the Education Lottery, and the federal government. In addition to the many sources of education funding, there are many different lines in the budget that

## FY 2005-06 Executive Budget

may contribute to the same activity. For example, in the FY 2003-04 budget, consolidating all of the different lines for professional development reveals that we annually allocate a total of over \$116 million for this activity.

The multitude of funding sources and line items in the budget makes it difficult to determine how the funds are used. It is, therefore, hard to assess the impact of dollars spent. With more focus on accountability at the state and federal levels, there have been increases in dollars available to ensure that all children are making academic progress. We need to examine our education budget in its entirety, rather than in a piecemeal fashion. New programs have been layered upon older programs without sufficient evaluation of effectiveness or duplication in the underlying program. Programs that were enacted to help the transition to standards based instruction and evaluations have become fixtures in the budget even after the transition for many districts is complete. Program dollars are assigned for specific activities that may or may not meet the needs for children in every school district.

Funding K-12 education from several different revenue streams also makes it difficult to track the net increases in funding for our schools. In our budget, for example, we provide \$133.9 million in new recurring K-12 dollars through the general fund and the EIA. However, our budget recommendations would provide \$33.9 million less in lottery funding for K-12 next year. This decrease in lottery funding is largely due to a combination of two significant challenges that we faced with this year's lottery budget. First, there is a significant hole left in next year's lottery budget due to the use of an \$86 million lottery surplus in the current year. Second, we also face an increase of approximately \$18 million in lottery funded scholarships in the upcoming year.

Given an increasing need and a decreased revenue amount, we shifted funding for two of our state's reading programs to the more stable general funds revenue. The net result is just over \$100 million in new state funding for K-12 education. This net result can be confusing to the average citizen because of the different revenue streams that fund our educational system and because some have solely focused on the amount of funds going to K-12 education through the EFA formula without focusing on the full education funding picture.

<b>K-12 Revenue</b>	<b>FY2004-05</b>	<b>FY2005-06</b>	<b>Change in Funds</b>		
<b>General Fund</b>	1,830,272,761	1,926,419,546	96,146,785	←	<b>\$133.9 in total new recurring K-12 dollars</b>
<b>EIA Funds</b>	552,502,240	590,247,187	37,744,947	←	
<b>K-12 Lottery Appropriations</b>	110,691,290	76,800,367	(33,890,923)		
		<b>Total New K-12 Dollars</b>	<b>100,000,809</b>		

There is a general misperception that the Base Student Cost, as funded by the EFA, is the total amount that the state spends per pupil on education. For instance, when *The State* newspaper on May 20, 2004, reported on the budget passed by the General Assembly last year, it stated that for public school students “the state would be spending an average of \$1,852 . . . .” While the Base Student Cost as funded by the EFA was set at \$1,852 in FY 2004-05, when all dollars at the state level are included in the per pupil funding number, the amount per student was estimated to be \$4,316 in FY 2004-05. However, students also receive monies from the federal and local level. The total funding in FY 2004-05, including all of these sources of funding and capital costs was estimated to be \$8,623. These various dollar amounts show the lack of transparency in funding causing confusion for taxpayers and policy makers.

### Encouraging Physical Activity

Another area in need of improvement can be found in the growing obesity epidemic amongst the youth of our country and our state. While recess and Physical Education (P.E.) classes used to provide some exercise for students, our state no longer requires recess or P.E. in kindergarten through the 8th grade according to the State Department of Education Task Force on Student Nutrition and Physical Activity. Additionally, significant minimum acreage requirements for new school construction greatly reduced the amount of students getting exercise from riding or biking to their neighborhood school.

We have been successful in eliminating those minimum acreage requirements and would also encourage increased P.E. and recess options for all children in our state. Last year, the State Department of Education issued a task force report on the need to improve the nutrition and increase the physical activity of our students. We encourage their efforts and are hopeful that they will work with local school districts to take increased responsibility for our children physically as well as intellectually in the years ahead.

### Purchasing Priorities

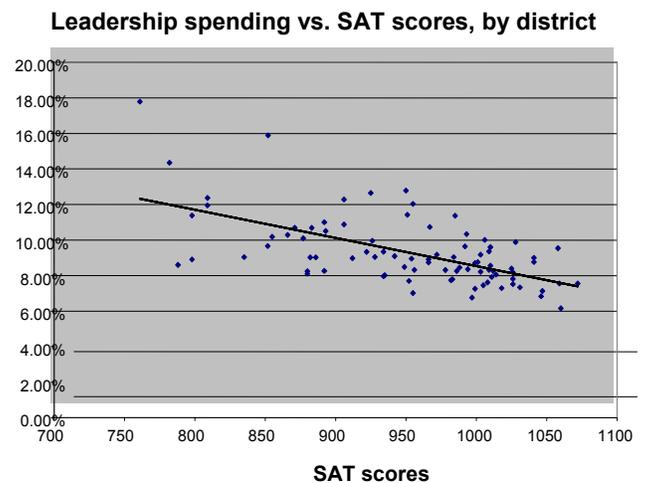
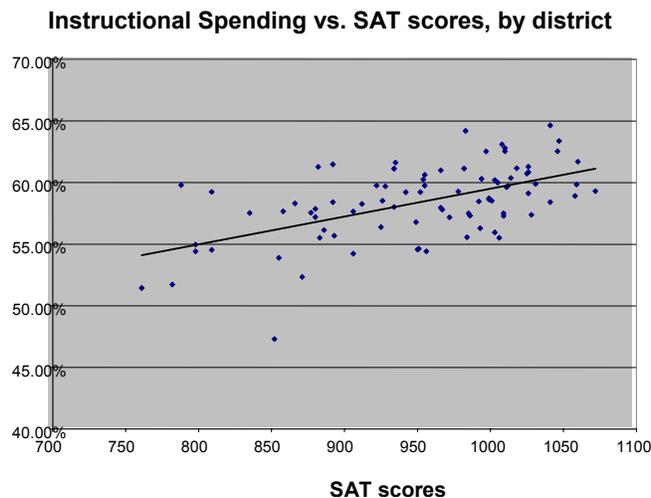
Having determined where opportunities for improvement exist, we next identified some proven or promising strategies that will enable us to set priorities for our purchasing plan and how best to achieve our goal. The key strategies we identified are as follows:

Provide curriculum standards and accountability. The state has the responsibility of making sure that academic standards are rigorous and well-understood. Teachers, parents and students all need to comprehend the expectations for every grade level and receive timely and complete information as to how students, individual schools, school districts, and the state as a whole are doing in achieving these standards. Useful feedback from analyzed testing is essential to making improvements.

Provide efficient and effective support infrastructure. Up-to-date technology, qualified staff, media centers with quality materials, and safe and reliable student transportation are all necessary elements of support for the classroom experience. An infrastructure that enhances the ability of teachers to teach and students to learn in the most efficient manner is the goal of this strategy.

Provide high quality early childhood developmental education. Making certain that all children are well-prepared for formal schooling requires that early childhood developmental deficits are addressed by early childhood educational experiences. Academically focused pre-kindergarten programs, whether public or private, are crucial for children whose home environments are not preparing them for a successful early childhood experience.

Improve quality classroom learning. The classrooms of South Carolina are where learning happens. Qualified teachers, appropriate instructional materials, and safe classrooms are all necessary to guarantee that students have the tools and environment to learn. We believe that directing the most efficient resources to the classroom is the most effective way to positively impact academic gains. One way of ensuring this is to appropriate an adequate share of dollars for instructional spending.



According to a 2003 Department of Education In\$ight Report, there is a correlation between instructional spending and SAT scores. This can be seen in the above graph. While each dot represents a district, a compiled graph from data in the report displayed a trend that districts allocating a higher percentage of their budget on instructional spending saw better results in SAT scores. Instructional spending is the money spent on either face-to-face teaching or classroom materials. However, the same report displayed a reverse correlation between leadership spending and SAT scores. Leadership spending includes the financial resources used to support principals and administrators (including administrative overhead) within each district. We must focus on allocating the most efficient educational resources such as the instructional spending component.

**Governor’s Purchasing Plan – Highlights**

We address the needs of K-12 education by purchasing the education services that are most needed by our students at the state level. While there are many activities within the education budget that have value, we think that most of our dollars are best spent following the student. As different children have different educational needs, we believe that decisions about those needs can be most effectively made closest to the student. We, therefore, propose moving more dollars from statewide programs into a formula that allows the resources to directly follow the student, a practice often referred to as “backpacking” dollars so that they stay with the student. In addition, we are not purchasing some services that, while still considered valuable, have been identified as a lower priority. The following table identifies key purchases within our Executive Budget’s total state K-12 purchasing plan as well as examples of what activities are not purchased. Detailed highlights of our purchasing plan are provided in the below table.

<p><b>Improve K-12 Student Performance</b></p>		<p><b>Examples of what our plan buys:</b></p>
<p><b>Purchasing Plan:</b>                  \$1,947,913,800                  General Funds                   \$589,584,234                  EIA                   \$76,800,367                  Lottery                   \$3,300,711,025                  Total Funds</p>		<ul style="list-style-type: none"> <li>▪ Educational services for over 670,000 students at an estimated \$9,826 per student and a Base Student Cost of \$2,213.</li> <li>▪ An increase in teachers salaries to \$300 above the Southeastern average.</li> <li>▪ Transportation for students in all 85 school districts.</li> <li>▪ Assistance for 188 low-performing schools.</li> <li>▪ Special education services for over 111,000 children.</li> <li>▪ High quality pre-school programs.</li> <li>▪ Educational television services.</li> </ul>
<p><b>Savings Proposal:</b>                   \$7,486,172                  All savings redirected to the classrooms through EFA formula.</p>	<p><b>Examples of what our plan does not buy:</b></p>	
		<ul style="list-style-type: none"> <li>▪ Separate administration for state-run special schools.</li> <li>▪ Full bonuses for future National Board Certified teachers not in critical needs schools or subject.</li> <li>▪ A defunct Teacher Quality Commission.</li> </ul>

**Our Plan Buys:**

**Backpacking to directly impact students in the classroom.** Education funding decisions should be focused on providing a high quality education for every child rather than supporting a variety of special programs that may or may not support educational gains for every child. In order to match the high value placed on dollars being spent in the classroom and flexibility of spending these dollars with the way we fund education, we propose adopting a “backpack” model. We have rolled certain program dollars

together into one pool of money and then allocated them in a way that follows the students in our schools. The benefits of the backpack are threefold: flexibility for local districts, transparency of funding, and a reduction of bureaucratic overhead on education dollars.

First, districts will be able to determine what programs and services best meet the needs of their students and will be able to purchase them as they see fit. While one school may need professional development for its K-3 teachers in reading instruction, another school may need extra resources for teaching Limited English Proficiency students. Having flexibility for dollars spent will provide flexibility to local school boards, principals, and teachers to use resources in the areas of their students' greatest needs.

Second, a more transparent figure of the actual amount being spent per pupil on education will be more easily seen in the budget. Taxpayers, parents, policy makers and local boards will know how much money is going to a local school based on its student population. We will be able to better evaluate if money is being spent wisely by looking at the dollars received and the achievement of the students.

Third, when state dollars are sent out to districts based on grants, two layers of bureaucracy are added to every dollar spent: the local districts have to apply for the grants and the state has to evaluate the applications. By putting dollars into every child's backpack, small districts are not penalized for being unable to devote staff to acquiring grant monies, while educational administration functions will become more efficient.

The EFA funding formula and local effort formula will need to be adjusted to reflect the dramatic increase in per pupil funding so that districts would not have to increase their local effort in real dollars. When the state increases the Base Student Cost or when the number of weighted pupil units increases, the cost of the EFA foundation program increases. Unless otherwise provided, the local contribution also increases. If a significant percentage of EIA funds or other funds are allocated to districts through the EFA formula in the form of the "backpack," some districts will receive more funds and others less due to the fact that the EFA attempts to provide equity in funding.

In other words, due to this change in the formula, some of the school districts will lose dollars and others will gain dollars due to EFA monies being distributed differently. By backpacking an estimated 26 educational activities from the budget, we will be transferring those funds to the EFA foundation program. It is estimated that \$23.2 million will be lost in total dollars to the school districts that currently receive a large amount of funding from these backpacked items that are "weighted" proportionally higher. We plan to hold these districts harmless from this loss of money by appropriating \$23.2 million in general fund dollars. From the creation of backpack funding, we also do not want property taxes to be increased at the local level due to the local school district match requirement. If the formula were left unchanged, school districts would be required to generate more in matching dollars since the state would be providing more dollars to be distributed within the formula. To accomplish this, we

recommend (by proviso) that the required local match amount be calculated and held to the matching amount associated with the BEA Base Student Cost estimate for fiscal year 2002.

In this proposed budget, we identified **26 activities that we are “backpacking”** amounting to **\$203 million**. Through backpacked activities, increased revenues, and monies from cost saving measures, our **Base Student Cost** is raised to **\$2,213 per student**.

**Basic frontline education services for over 670,000 students** served in the 85 school districts throughout the state. Our plan provides the required amount of funding per student according to the EFA. With funding of \$2,213 per weighted pupil unit distributed through the Base Student Cost formula, local school districts will be able to provide education services required for kindergarten through 12<sup>th</sup> grade students. The Base Student Cost is funded at \$2,213 per weighted pupil unit. As mentioned earlier, it is important to note that the total statewide funding per student will be much higher when considering total dollars allocated from outside of the EFA as well. We propose **EFA funding for this activity of \$1.15 billion and by \$203 million in “backpack” funds** amounting to \$1.35 billion in total funds.

**Average teacher salary funding above the Southeastern average.** While we are a relatively poor state with average incomes of approximately 83 percent of the national average, we feel it is important that the nearly 50,000 teachers in our state are well-compensated for performing the critical job of educating our children. To that end, we have done an adequate job in rewarding our teachers in years past and realize we must continue to make the teachers of our classrooms a priority. We, therefore, propose to fund South Carolina teachers **\$300** above the Southeastern teacher salary average. Because of this commitment to our teachers, we are recommending that an increase of **\$53.0 million in total funding go to increase teacher pay** to \$300 above the Southeastern salary average.

**Transportation for students** to and from school. We understand the need to provide support for a state school transportation system which is crucial for those students that are unable to provide their own means of transportation. We propose increasing funding for the transportation needs of our **students with \$8 million in lottery dollars for total funding of \$96,445,022** in next year’s budget.

Despite our recommended funding increases in this area, we still feel school transportation can be provided more efficiently if it were competitively sourced from a private company. South Carolina is the only state in the nation that owns its own school bus fleet – a fleet of buses larger than Greyhound’s. As a matter of fact, over 40 percent of the employees at the State Department of Education have jobs related to student transportation. While student transportation is certainly an important component of education, we do not think that it justifies 40 percent of the attention of the department. We believe that allowing the local districts and the private sector to provide

transportation would allow our State Department of Education to better focus on educating students rather than transporting them as well.

As of January 2005, a legislatively-created committee is considering following the lead of every other state in the country by transferring school buses, funding for school buses, and bus maintenance facilities to the local school districts. They are also considering issuing a request for proposals to see what private operators would charge to operate school transportation in each district of the state.

An example of why we think the State Department of Education should not be in the business of running a bus company is demonstrated by the age of our fleet. Although the State Department has publicly expressed concerns about the age of our buses, they only bought 36 buses last year. While many will assume that is due to a lack of funding, the reality is that buses have been funded with tens of millions of lottery dollars. However, the majority of dollars for bus purchases have not been spent. The State Department of Education carried forward \$14.3 million of lottery dollars in July 2003 and \$21.2 million in the same fund in July 2004. As of December 1, the Department still had \$18.7 million of this carry-forward money on hand. To this end, until the committee studying this issue and the General Assembly agree to implement private contracting for our buses, these carry-forward dollars added to our recommended increase in bus funding would allow for a total of \$26.7 million to be spent on buses next year.

Unfortunately, the state has traditionally paid a higher price for school buses than the private sector. According to testimony before the school bus privatization committee, private operators typically purchase buses for \$46,000 to \$49,000 each – about \$10,000 less than we pay in South Carolina. If we can buy our buses at the private sector rates, our proposal coupled with existing funds will allow for the purchase of nearly 550 buses in the coming year. However, it is still our stance that these funds would be better used going to the districts to contract with private providers.

**Special education services.** It is very important that no one is left out of the educational process in South Carolina. This is why we propose purchasing the additional services needed for over 111,000 children with physical, mental, and emotional conditions resulting in learning disabilities. For this activity, we propose **total funding of \$135,604,336.**

**The annual cost to finance \$1 billion in recent improvements to school facilities.** We are spending **approximately \$90 million** in the upcoming budget year to help pay for the annual debt principal and interest for the significant investment that we made in our schools' infrastructure over the past several years. From 1999-2003, our state issued a total of \$1 billion in school construction bonds. The Treasurer's Office estimates that the debt service for these bonds will be \$90 million in the next year and subsequent years into the future. We recognize the value of improving our school's facilities, but it is important to realize that these are relatively new funds being allocated to K-12 education that are not available for other recurring uses. Were those funds

available, they could have increased the Base Student Cost by over \$150 per pupil and could pay the annual salaries for 2,700 additional teachers.

It seems that agencies and interest groups often think of bonds as “free money” available for their needs. Our point is not to second-guess previous decisions made about the \$1 billion in school improvements but rather to point out that bond money does come with a recurring price-tag and thus an opportunity cost that must be paid for many years after the original dollars have been expended.

**Assistance and accountability to the 160 “below average” and 28 “unsatisfactory” schools.** We realize that all schools within South Carolina are not at the same level regarding academic performance. However, many of the activities that we are buying will assist us so that we continue to strive for educational improvement from these low performing schools. Programs such as after-school Homework Centers are beneficial for students needing more attention than is given during regular school hours. Schools and districts designated as below average and unsatisfactory must establish these centers to help students improve their academic performance. We propose to **fund this activity with \$6,810,000** in Lottery funds.

**Textbooks for over 670,000 students throughout K-12.** We realize that new instructional material benefits each and every student. We are providing the dollars to purchase the necessary materials that will meet state academic standards. We propose to replace a portion of general fund textbook funding with lottery dollars. This will help in moving high priority K-12 programs to a more stable source of funding in the general fund. Specifically, we propose to **fund this activity with \$23,459,264** in lottery fund dollars amounting to \$39,451,955 in total funds.

**High Schools that Work** is a school-wide revitalization effort dedicated to providing a quality education for all students. It provides a framework of goals, key practices and key conditions for accelerating learning and setting higher standards. We believe this program is a step in the right direction. We propose increasing the amount of **lottery dollars appropriated to High Schools that Work by \$500,000** for total funding of \$1,000,000.

**Teacher Specialist, Principal Specialist, and Alternative Technical Assistance** provided in a more flexible manner. While we certainly think it is important to give funding for additional assistance to below average and unsatisfactory schools, we question whether the Teacher and Principal Specialist programs are the most efficient and effective means of improving the academic performances for all schools. It is our goal to give schools performing below average or unsatisfactorily more alternatives so that they can close the educational gap between the more academically successful schools across the state.

While the 2004 Annual School Report Card did show schools that improved their rating, there still remain schools in need of technical assistance. The issue is what technical assistance programs are effective in improving student academic achievement and in

building local capacity to effect long term education reform. To date, no definite research exists. The EOC will issue a final evaluation of a three year study of the effectiveness of the Teacher Specialist program in February 2005. This evaluation should provide information to assist the state in deciding the future of technical assistance services. We believe adding alternative choices to the current Teacher and Principal Specialist programs can provide better results.

This recommendation is also based on several other factors. Last year, a sufficient number of educators could not be hired and placed in schools to provide the technical assistance of these programs; this resulted in \$10 million not being spent for its intended purpose – Teacher and Principal Specialists in low performing schools. In addition, the State Department of Education has only earmarked \$18.9 million to Teacher Specialist and \$2.2 million to Principal Specialist out of the FY 2004-05 budget. These earmarked dollars are well short of actual appropriation from this line item. According to the latest School Report Cards, we have also reduced the total number of underperforming schools that require this type of support by 14. All of these facts raise the point that fewer resources are needed to support these programs until empirical data proves otherwise.

We are recommending that additional choices will ultimately move these underperforming schools in the right direction. We are, therefore, proposing to support all of these programs from lottery funds in the following manner:

- Funding the 21 unsatisfactory schools at \$300,000 each – total funding – **\$6.3 million in lottery dollars.**
- Funding the current contractual agreement between the Allendale schools and their school management provider – total funding – **\$1.71 million in lottery dollars.**
- Funding the 156 below average schools at \$90,000 each – total funding – **\$14.04 million in lottery dollars.**
- Funding administrative overhead at six percent of the program – total funding – **\$1.35 million in lottery dollars.**

In our proposal, we believe that a more flexible system will allow the school to decide which technical assistance program would be the most effective for them. Along those lines, we are excited about the positive gains that are occurring within the existing curriculum of the Teacher Advancement Program and the partnership between Allendale and Charleston schools and a school management provider. We feel that by providing options such as these, in addition to the current Teacher and Principal Specialist programs, more efficient alternatives will be available for schools with the greatest needs.

**K-12 services provided through Educational Television.** It is important that ETV continue to provide programs and services that educate our children. Many of these services are not just valuable to our children, but also to the parents and teachers who hope these services will provide a better educational future in South Carolina. In

particular, we purchase Pre-K-12 Educational Services that train parents and provide programs for pre-school children to prepare them for school. We propose to **fund this activity with \$3,032,160** in general fund dollars.

**Gifted and Talented Instructional** funding for over 70,000 academically gifted and talented students. We feel that students with special gifts should have every opportunity to have innovative and challenging educational exercises so they can reach their full potential in today's competitive environment. It is our recommendation that we provide the resources to the 85 school districts to maintain this program. To fund this activity, we propose to **allocate \$29,497,533** in EIA dollars.

**Classroom supplies to 47,000 teachers** throughout the state. It is important that our teachers are given the resources to educate their students. Providing them with the financial resources for classroom supplies will relieve many teachers from out-of-pocket expenses that may otherwise result. To fund this activity, we propose to **allocate \$10,000,000** in EIA dollars to the local school districts through the backpack formula.

**Charter School Program** that allows parents to get more directly engaged in the education of South Carolina children. This newly created program helps us to take full advantage of federal funding that is available to create a developing charter school movement in our state. In FY 2003-04, South Carolina had a mere 19 charter schools compared to our neighbor of North Carolina that had roughly 100 charter schools. The Charter School Program will assist in

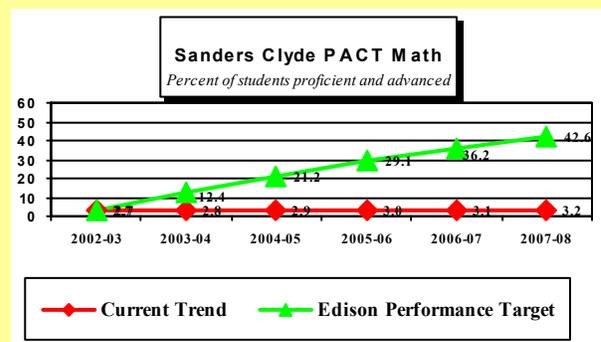
**Partnering for Student Improvement**

An exciting new partnership with the Edison Alliance is in the process of turning around 13 of our state's historically under-performing schools. Over the last ten years, Edison has proven its ability to raise student achievement. In fact, over the last two years, students in the 130 schools that work with Edison nationwide have improved their test scores by an average of 10%.

South Carolina's partnership began this summer in Allendale and Charleston with overall evaluations of the schools and agreed upon "Plans for Achievement" for each school. All classroom teachers were offered extensive summer training and will continue to receive intensive on-site training as well.

A critical element to the Edison plan is ongoing feedback on individual student performance through monthly computerized testing. Teachers are provided with continuous feedback and intensive support on using the data to adjust daily classroom practices to meet their student's needs.

This consistent tracking of outcomes also helps the districts hold Edison accountable for student results. As the contracts are based upon student achievement, the relationship with Edison can be terminated if the guaranteed results are not reached. The graph below provides an example from Sanders Clyde Elementary School showing the increased expectations for student improvement versus our previous trend.



We are fully committed to supporting innovative and effective results-based partnerships and would like to acknowledge both Charleston and Allendale for their willingness to think and act "outside the box" to provide better learning opportunities for their students.

closing this gap. To fund this activity, we propose to **increase funding by \$303,300** in general fund dollars amounting to \$2,908,298 in total funds.

**K-5 and 6-8 Reading, Math, Science, and Social Studies Programs** that allow school districts to provide the resources for improvement in quality instruction and student achievement. However, in an effort to dedicate a more stable source of funding to K-12 education, we propose moving funds for this activity from non-recurring lottery money to recurring general funds dollars. Additionally, we propose these general fund dollars be backpacked at the same level as last years appropriated amount of \$48,500,000. We believe that each school district will be able to make the best decision in how these funds should be used.

**High quality pre-school programs** that provide direct services for almost 24,000 children throughout the state. We feel that early education is an investment in a brighter future for South Carolina. First Steps is a vital program that works across our state to get kids prepared for school. During the FY 2004-05 Appropriations Bill, we supported the First Steps program by increasing lottery funding by \$3 million with the agreement that these dollars had to be matched by private donations. Although it is a program that was started by the previous executive administration, we feel First Steps is a valuable asset that prepares our children for the challenges they may face in the future education system. However, according to First Steps, the agency is slow in raising the required matching dollars for this fiscal year. With their current fundraising efforts, First Steps will only collect an estimated \$2 million in matching dollars. We are, therefore, recommending a **reduction of \$1,000,000** in lottery appropriated dollars for total funding of \$23,782,583.

**Our Plan Saves by:**

We feel that the only way to truly make gains in educational achievement is to analyze the programs within the system that are not currently showing positive results. In doing this, we recommend some of the activities to be restructured so that savings are created and reallocated through the EFA formula.

**Implementing more effective and efficient ways to test our students.** We currently spend \$23.7 million dollars on testing our 664,000 students, which translates into a cost of approximately \$35.75 per student. While we certainly support the improved accountability efforts in our schools, this cost is significantly higher than the cost of many other states. For example, Idaho spends approximately \$10.50 per student on testing – less than a third of our cost. Georgia spends approximately the same amount of total dollars, yet they test a much larger population of 1.5 million students. If we were to bring our per student testing cost in line with the \$15.85 per student spent in Georgia, we could free up an additional \$13.2 million in state funds and potentially up to another \$3 million in local school district funding for other educational needs. We also think that following best practices from other states will allow us to spend less time testing our students and provide better diagnostic results more quickly to our teachers.

This topic was explored in greater detail earlier in the “Budgeting for Outcomes” section as an example of how our new budget process led to different results.

While we would like to take the full savings from a more efficient testing system, we realize that existing contracts may make it difficult to make significant changes in the upcoming year. Therefore, we recommend a **\$2,688,644 reduction in the amount that we spend on assessments** next year. The remaining \$21 million that we propose spending on assessments will leave us spending a healthy \$31.70 per student – a cost twice as much as Georgia’s expenditures and three times as much as Idaho’s. We are not suggesting doing away with assessment testing in general nor are we eager to replace the PACT test in particular. Our state was a leader in the national accountability movement when we adopted high testing standards in 1988.

In the past six years, however, accountability testing has become more common and a much more competitive marketplace. We believe that learning from the experience of other states and re-examining our testing contracts under this more competitive environment will allow us to be more efficient with the time of our teachers and students and more judicious with our financial resources in purchasing testing services that will provide us with even more information about student outcomes. We do not know which vendor can provide us with the best testing systems, but look forward to receiving the report of the Education Oversight Committee’s testing task force next month related to this topic. We are confident that in the future, we can greatly improve our testing procedures at a significantly lower cost and look forward to working with the SDE, EOC, and General Assembly to do so.

**Diverting bonuses for future National Board Certified teachers not in critical need or subject areas to Base Student Cost.** We currently pay a \$7,500 annual bonus for ten years to the almost 3,800 teachers who receive their designation as National Board Certified Teachers (NBCT). Every time a new teacher enters the program, the state is potentially committed to spend an additional \$90,000 – including fringe benefits and the cost of the application. In fact, as these bonuses now have a total cost of almost \$40 million annually, our state has already committed over \$400 million of our finite education dollars to this program over the ten years that the bonuses are to be paid.

Unfortunately, research is mixed, at best, on whether the program leads to better student performance. The most extensive study on the topic which is often cited by advocates for the program does not show that certification leads to increased student learning. In fact, the researchers for the Washington-based Center on Reinventing Public Education tracked student outcomes for several years in North Carolina schools and reached the following conclusions in a 2004 report entitled “Can Teacher Quality Be Effectively Assessed?”

- there is “little difference in teacher effectiveness pre- and post-certification.” (p.18)

- “going through the NBPTS certification process does not appear to make teachers more effective.” (p.26)
- “Since we do not find evidence that going through the NBPTS assessment process leads teachers to be more effective, the question of whether the investment in NBPTS is worthwhile...is an issue that merits, but has not yet received, much further empirical study.” (p.28)
- “the \$2,300 cost-effectiveness figure makes the identification of NBCTs less cost-effective than estimates of some other popular educational interventions.” (p.27) Yet South Carolina commits to over \$90,000 per teacher when this report questions the program’s cost-benefit at only the \$2,300 for the application fee.

The State Department of Education was required by proviso in the FY 2003-04 Appropriations Act to complete a study of the effectiveness of the program by June 30, 2004, but the study has not been completed. Given the current research, we do not see how we can continue to add entrants to a program paying one of highest bonuses in the country when most evidence does not support the merits of the program.

We propose that we continue to honor the \$7,500 annual bonus to all teachers who have completed the Nationally Certified Teachers program by December 2005. However, as this program now has an annual cost of over \$40 million, we would like to see changes made in the future to ensure that these newly certified teachers are used to fill teacher shortages in critical regions and critical subjects. That is usually not the case, according to the Center on Reinventing Public Education which found in North Carolina:

- “Teacher quality has a larger impact on poor students than on higher income students.” (p.23) yet....
- “NBCTs tend to be teaching in more affluent, well-educated school districts, and they are teaching in schools judged as high performing with fewer disadvantaged students.” (p.15)

Even in South Carolina, in large part, highly-trained and well-compensated teachers are not serving in the areas of greatest needs. As discussed in the Education Policy section, in the Columbia area, Richland District 1 is classified as having “critical needs” in teacher shortages by the Center for Educator Recruitment. That district, which has 60 percent of its students on free or reduced lunch, has 118 certified teachers – 5.9 percent of their workforce. The more suburban Richland District 2, which has only 30 percent of their students on free or reduced lunch and is not identified as having critical recruiting needs, has 254 nationally certified teachers, which is over 20 percent of their workforce and more than twice the number of teachers than Richland 1. In other words, the state will pay \$1.9 million in bonuses to Richland 2 teachers, but less than \$890,000 in bonuses to Richland 1, where we are having recruiting problems. Certainly the National Board Certified teachers in Richland 2 could travel next door to Richland 1 to teach where they would likely have a bigger impact if they are in fact the better trained teachers.

In order to better address the education gap in our state and put our incentives in the areas of greatest need, we propose keeping the bonus at \$7,500 for teachers who become NBCT's after December 31, 2005, but only if they teach in critical needs schools or topics. For all new NBCT's who teach non-critical needs subjects in non-critical needs schools, we propose a reduced yet still significant annual bonus of \$3,000. We also propose that half of the NBCT application fee be refunded for all teachers achieving certification. We do, however, want the local districts to continue to have the discretion to provide an additional subsidy on top of any state bonus received for becoming certified. These changes should result in **first-year savings of \$1,380,000**, which we have added to the Base Student Cost.

**Increase ETV Endowment fundraising efforts.** The ETV Endowment is a non-profit arm of ETV. The primary function of the Endowment is to raise money for the agency. For the past five fiscal years, the Endowment has raised almost \$3.5 million in charitable contributions on an annual basis. While this amount raised is commendable, we feel this entity can put forth a better effort in raising funds for the services of ETV. The Endowment of USC is an example of just this. From the time period of FY 1997-98 to FY 2002-03, the University of South Carolina Endowment increased at an annual rate of 7.3 percent. We feel ETV can exhibit the same success. Specifically, we propose ETV Endowment increase fundraising efforts by \$369,488. These efforts would create a **savings of \$369,488 in general fund** dollars that we recommend be redirected to the Base Student Cost.

**Require Governor's Schools to assess the same amount in student fees.** Currently, the Governor's School for Science and Mathematics has a fee requirement that is \$2,000 less than the Governor's School for Arts and Humanities. We feel that both programs provide high quality education to some of the best and brightest students in the state. In addition, we also believe no one Governor's School is more important than the other. We are, therefore, recommending that both schools charge the same amount in student fees. By increasing the student fees of the Governor's School for Science and Mathematics by \$2,000, an additional **\$250,000 in cost savings** will be realized in general fund dollars to be redirected to the Base Student Cost.

### ***Making Tough Choices:***

Improving education is a top priority not only for this administration, but also for many decision-makers throughout the state. However, we recognize there are some areas within the current education system needing improvement from an efficiency standpoint. We all want the best education for our children so that they have the tools to succeed and become a vital and productive part of our communities. Our goal in this budget is to fund activities and programs in such a manner that will prepare every student for success. However, this means that the taxpayers' dollar must be used for education services that are true priorities. Therefore, we are recommending redirecting the following activity funds to increase the Base Student Cost.

**Teacher Quality Commission.** According to the State Department of Education, this commission is no longer in operation. The dollars for the commission have been rolled into the general operating costs in the Teacher Quality Division. This commission has not been here for years, yet continues to receive \$543,821 in funding. It is our recommendation **that the \$543,821** in savings from not funding this commission would be better served being reallocated toward the Base Student Cost.

**Funding for administration in special schools and ETV.** We are recommending the consolidation of the administration functions of all special schools (Governor's School for Arts and Humanities, Governor's School for Math and Science, Wil Lou Gray Opportunity School, School for the Deaf and the Blind, and John de la Howe School) and ETV into the State Department of Education. We feel there is a duplication of services within each of these agencies. We propose the consolidation of these administrative functions to be more efficient. This proposal will save an estimated **\$1,301,219 in general funds** that will be redirected to the Base Student Cost.

**Reduce funding to Youth and Family Development Program at South Carolina State Public Service Activities.** South Carolina State Public Service Activities' (South Carolina State PSA) core mission is to deliver research-based programs to enhance agricultural and rural needs. However, the agency also funds many educational activities, including before- and after-school programs. Currently, 68 school districts have an after-school program that is funded with competitive grants that come through the State Department of Education or with state lottery funds. While we understand the value of South Carolina State PSA's education programs, we believe funding for this activity is better utilized to support existing educational programs by the State Department of Education. Even with these duplications of service, South Carolina State PSA's state funds increased by over 20 percent last year at a time when most agencies providing critical services saw a substantial decrease. We propose to **reduce funding** to the Youth and Family Development activity by **\$250,000**.

*Please see the Appendices for a complete listing of the Governor's Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

Improve our Higher  
Education System and  
Cultural Resources

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## Improve our Higher Education System and Cultural Resources

Our goal for South Carolina's higher education system is to address the needs of the state by creating a well-educated citizenry, preparing our young people for the challenges of a competitive global marketplace, raising the standard of living of South Carolinians, meeting changing work force needs, and creating economic development opportunities. To achieve this goal, we believe the higher education system must be accessible, affordable, and accountable. If current trends in tuition hikes remain unchecked, many more South Carolinians will be priced out of higher education opportunities and a competitive job market. If the 33 colleges and universities continue to remain unaccountable to an independent Commission on Higher Education, the system of higher education will remain uncoordinated, less competitive, and inefficient.

Our mission for higher education is simple: to provide quality programs at reasonable rates that result in educational opportunities beyond high school for any student who chooses to pursue higher education.

Our citizens enjoy a variety of cultural resources through our state's historic sites, arts agencies, and museums. The state is fortunate to have rich cultural opportunities and should support these opportunities by redirecting duplicative administrative funding to maximize the flow of resources directly to community arts and cultural programs.

### Developing our Purchasing Priorities

In order to develop our purchasing priorities, we first looked at the major indicators of success to determine whether state government is currently reaching its goal to improve our higher education system and cultural resources. While South Carolina is making progress, there are many areas that need improvement. This section identifies the measures that help explain whether our state is or is not achieving our goal.

Governor Sanford's Goals for **Improving our Higher Education System and Cultural Resources** are to:

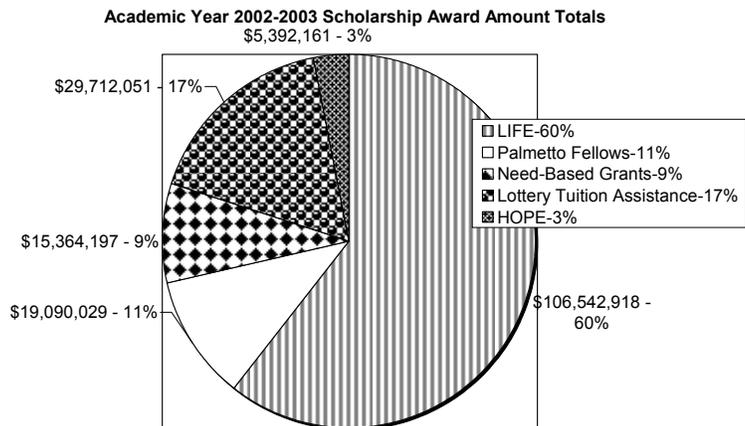
- ✓ Ensure access to and affordability of higher education.
- ✓ Strengthen the statewide higher education governance structure.
- ✓ Increase the employability of graduates.
- ✓ Increase the public's awareness of the available cultural opportunities through a coordinated marketing effort.

**Where We Are Succeeding**

The number of degrees awarded has steadily risen at all levels of higher education. Over the last decade, we have experienced a 10.3 percent increase in the total number of degrees awarded by our colleges and universities. We have also experienced a slight growth in our higher education graduation rate of entering students, which is a key indicator of higher education success. These rates are measured nationally at the undergraduate level by considering first-time, full-time degree seeking students who complete degree requirements for graduation within 150 percent of normal time (six years for baccalaureate degrees and three years for associate degrees). In order to achieve this goal in the most efficient manner, our colleges and universities must continue to increase graduation rates and degree production at associate, baccalaureate, and graduate levels; particularly in fields critical to the information and technology economy.

Minority enrollment in institutions of higher education is also increasing. In the last four years, participation by African American students has increased by over 5 percent to 28.2 percent of the total enrollment.

LIFE, HOPE, and Palmetto Fellows scholarship programs provide awards ranging from \$2,500 to \$6,700 annually, reducing some of the tuition costs on parents and students. On the other hand, these scholarship programs have also made it easier for institutions to increase tuition rates. Making post-secondary education more accessible through additional need-based grants can help close the established achievement gap that exists in South Carolina primarily along racial lines.



Our research universities are becoming more competitive in the national arena. Clemson University recently doubled the amount of external research funds to more than \$100 million per year and broke ground on the International Center for Automotive Research (ICAR) – a partnership that includes Clemson, BMW, and IBM. The University of South Carolina has crossed the \$130 million dollar annual threshold and the Medical University of South Carolina has generated over \$175 million as of June 2004. MUSC was recently honored with the Consumer Choice Award for the seventh consecutive year by the National Research Corporation. Winners of this award are hospitals that consumers choose as having the highest quality and image in 154 markets in the United States. The International Business program at USC’s Moore School of

Business has been ranked first or second for the past fifteen consecutive years by *U.S. News & World Report*.

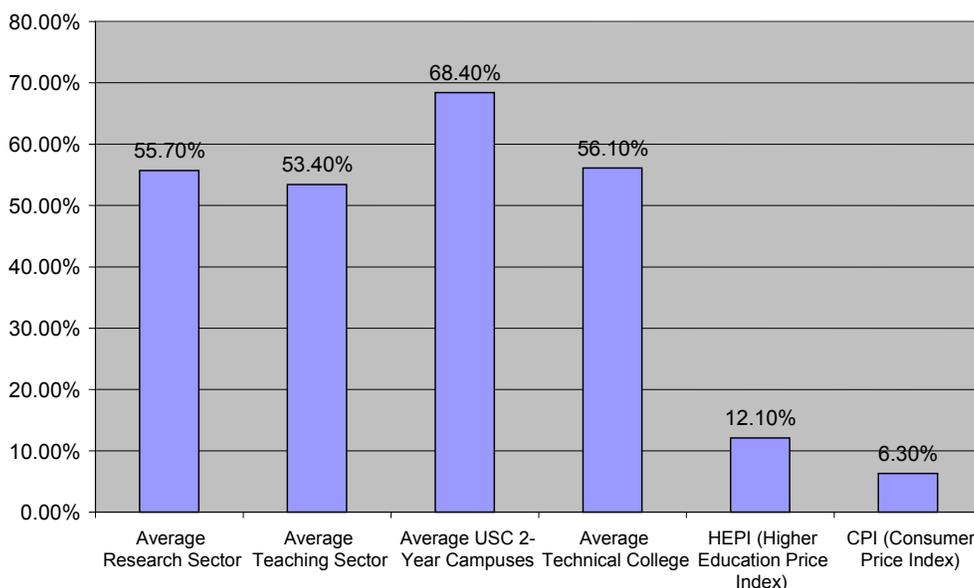
***Opportunities for Improvement***

Institutions of higher education must keep up with workforce needs. Like many states in our region, South Carolina is coming to terms with the loss of manufacturing jobs. This administration has focused on attracting higher-paying, knowledge based jobs. In order to be more successful at attracting those jobs, we need well-prepared graduates at varying degrees of education levels. There are four primary levels for preparedness: high school graduation, two-year completion, four-year degree completion, and graduate degree completion. If our state is going to be more competitive, we must increase the level of preparedness and the number of skilled workers currently available in the workforce.

***Rising Costs of Higher Education***

Having a top-notch post-secondary program will serve little purpose if our citizens cannot afford to participate. Double-digit tuition hikes in recent years are putting higher education out of reach for some in our state. South Carolina's higher education institutions continue to increase annual tuition and fees far above the national average. For FY 2004-05, the average increase at the four-year teaching institutions was 12.3 percent compared to the national average of 10.5 percent. Our average annual tuition in South Carolina is now running at nearly 120 percent of the national average.

2001-2004 Tuition Increases for South Carolina Colleges and Universities



Analysis prepared by the National Association of State Budget Officers (NASBO) further illustrates the dramatic rise in higher education expenditures. By comparing higher

education’s percentage of South Carolina’s total budget with similar data from other states, NASBO found that our state spent 17.1 percent of our total budget on higher education in the last fiscal year – approximately 70 percent higher than the national average of 10.5 percent. In fact, South Carolina’s percentage of total expenditures for higher education was the second highest in the Southeast and seventh highest in the country. To put those percentages in terms of dollars, had we spent closer to the national average, like Tennessee at 11 percent of their budget, the result would have been approximately \$100 million less in higher education expenditures. Given the fact that South Carolina’s rate of students graduating from high school is second to last in the country, the disparity in the rising level of resources devoted to higher education is apparent and clearly demonstrates the need for cost controls and systematic reform.

*The Need for Reform*

In last year’s Executive Budget, we proposed capping tuition and fee increases to the prior year’s Higher Educational Price Index. Unfortunately, the General Assembly removed this exemption from the budget. Even though total general fund budget cuts for higher education equaled less than one-half of one percent (0.47%), our state’s colleges and universities increased their tuition by a combined average of 12.3 percent for FY 2004-05.

All of these increases have taken their toll on the average student’s ability to obtain a higher education degree. In fact, the National Center for Public Policy and Higher Education recently gave South Carolina an “F” for affordability in their “Measuring Up 2004” higher education report. While some argue that our tuition increases are a result of reductions in state funding, we examined five other states which provide similar levels of state funding at \$160 per capita. By studying states with similar per capita higher education state appropriations, we were able to look beyond the relationship between state spending and tuition costs and examine factors that are indicative of how efficiently we spend our total available dollars.

<b>State</b> (Higher Education per capita appropriation)	<b>Average Tuition at</b> public 4-year institutions	<b>Average Number of</b> <b>Students</b> per public 4- year institutions
<b>South Carolina (\$160)</b>	<b>\$6,065</b>	<b>5,615</b>
Missouri (\$147)	\$5,386	7,875
Oregon (\$165)	\$4,680	6,708
<b>Five state average (\$162)</b>	<b>\$4,050</b>	<b>11,694</b>
Tennessee (\$179)	\$4,043	10,747
Arizona (\$154)	\$3,586	16,510
Florida (\$165)	\$2,553	16,628

The average per capita appropriation for the five states studied is \$162 per person, very close to South Carolina’s appropriation of \$160 per person. However, we have by far the highest average tuition of the six states at \$6,065 per student – nearly 50 percent higher

than the average of \$4,050 per student. While per capita state funding among the five states is comparable, the number of students per institution is not. In addition to having by far the highest tuition among the six states, we also have by far the lowest attendance of our public colleges and universities. The average number of students attending our state's four-year institutions is 5,615 – less than half of the average number of students (11,694) attending four-year institutions in the states examined. These numbers suggest that South Carolina is spreading our higher education resources too thin. By studying state governments with similar per capita commitments to higher education we can conclude that South Carolina has half as many students per school than the other states, yet our students pay 50 percent more in tuition costs.

The double-digit increases in tuition over the past several years also increased the ability of individual institutions of higher education to issue debt against their enhanced revenue streams. In other words, tuition increases allow institutions to borrow more funds. Since 2000, revenue bonds for higher education have increased in the amount of \$113.8 million or 34.7 percent. During this same time period, the Consumer Price Index increased only 9.9 percent. When the big picture for higher education debt is examined to include previously issued capital improvement general obligation bonds, the total debt load increases by 45.6 percent up to \$892.2 million. Without a meaningful examination of priorities for our statewide higher education system, each institution will continue to operate independently while higher education spending remains unchecked, uncoordinated, and inefficient.

With 33 public colleges and universities operating at 79 different campus locations, our state maintains too many post-secondary institutions with duplicative and overlapping programs. Because our Commission on Higher Education has little oversight authority, the political process has allowed too many schools with too few students. As we noted in last year's budget, "having two separate institutions with only a hedgerow separating them and two medical schools for a population of only about four million people are indicative of a system that needs reform." While this growth has happened with the intent of making higher education more accessible to everyone in our state, the unintended consequence is that the higher tuitions needed to sustain our inefficient system of underutilized campuses has actually made higher education less accessible to many in our state.

### **Purchasing Priorities**

Our purchasing plan has been developed by prioritizing activities using proven or promising strategies that achieve the best results for our goal. The key strategies we identified are as follows:

Strengthen the statewide higher education governance structure. Currently our Commission on Higher Education (CHE) shares governance with the boards of trustees of 33 public institutions. This diffusion of power prevents the CHE from effectively

advocating for the best interests of the state system as a whole. It also promotes mission creep, sprawl, and the unnecessary politicization of how higher education funding is allocated. During the past year, we saw several examples of a weak CHE. USC-Sumter was authorized to move from two-year to four-year status and a culinary arts program was established at Trident Technical College in Charleston by a legislative amendment tacked on to an unrelated, but popular, economic development bill. The CHE, however, did not approve either of these actions. Most recently, Greenville Technical College, through its foundation, made a decision to construct student housing on its main campus – a marked departure from their mission. The jurisdiction of both the State Board for Technical and Comprehensive Education and the CHE are so weak that they did not have the authority to review this action. This lack of oversight and structural weakness will continue to contribute to rising costs and duplication in the higher education system; therefore, we propose that the CHE be granted additional oversight authority. Further, we propose that additional funding be appropriated to the CHE for academic program review for a renewed focus on statewide planning and evaluation, which we believe can help reduce the duplicative initiatives and programs in the higher education system.

Ensure access to and affordability of higher education. If students cannot afford to pursue education beyond the secondary level, they do not have any opportunity for a higher education. While our state provides resources to public institutions to help underwrite the costs of college, there will always be a portion that will be borne by the student. Our state must ensure that this portion is affordable and that there are opportunities for those qualified students without the means to fully fund their own education. These opportunities can be in the form of merit aid for students who can “earn” state assistance based on academic achievement or in the form of need-based aid for those students who exhibit the ability to succeed in college. Our students have access to substantial financial aid through the LIFE, HOPE and Palmetto Fellows scholarship programs, the Tuition Grants Program for independent schools, and several federally-supported grant and loan programs.

AFFORDABILITY	SC	SC	Top 3 States (Avg.) CA, MN, UT 2004
	1994	2004	
<b>Family Ability to Pay</b>			
Percent of income (average of all income groups) needed to pay for college expenses minus financial aid:			
at community colleges	22%	25%	20%
at public 4-year colleges/universities	28%	32%	24%
at private 4-year colleges/universities	48%	58%	47%
<b>Strategies for Affordability</b>			
State investment in need-based financial aid as compared to the federal investment	24%	23%	47%
At lowest-priced colleges, the share of income that the poorest families need to pay for tuition	15%	25%	12%
<b>Reliance on Loans</b>			
Average loan amount that undergraduate student borrow each year	\$2,874	\$3,297	\$3,259

We can also slow the growth of tuition costs by limiting tuition increases for in-state, undergraduate students to the Higher Education Price Index per academic year beginning with the 2005 Fall semester. We believe an institution can control its own costs by coordinating programs like the recently announced merger of the pharmacy schools, which amounts to \$2 million in annual savings, and finding internal cost-savings. Finally, we can also limit the growth and mission creep of our 33 public institutions and 79 campuses by strengthening the Commission on Higher Education.

Increase the employability of graduates. Having a college degree does not necessarily ensure employability. Certainly a degree is a measure of achievement and an indication of a base of knowledge. However, today's economy requires more than just a diploma and a presumed proficiency. Graduates must have life skills, technology training, and communications strengths to go with their academic credentials and they must be prepared to become productive citizens. Also, from a different perspective, students should be made aware of employment opportunities in critical areas as well as employment opportunities associated with chosen majors. While student choice is a cornerstone of the academic experience, we must be certain that students have a realistic understanding of the workplace and how their academic choices can impact their ultimate ability to support themselves.

Increase awareness of available cultural opportunities through a coordinated marketing effort linked to tourism. Our arts agencies, historic sites, and museums must be marketed in full cooperation with our tourism regions. The state's cultural resources compliment the natural attractions, helping to make South Carolina a prime destination for visitors and potential future residents. We believe careful and constructive marketing would not only draw more attention to these sites, but also attract economic benefits, such as capital investment and job creation.

**Governor’s Purchasing Plan – Highlights**

Given the fiscal limitations of the recent economic slowdown, we purchased only those higher education and cultural resource services most needed by our citizens. We do not purchase some services that, while still considered valuable, have been identified as lower priority. The following table identifies key purchases within our Executive Budget’s total state higher education and cultural resources spending plan as well as examples of what is not purchased. Detailed highlights of our purchasing plan are provided below the table.

<p><b>Improve our Higher Education System and Cultural Resources</b></p>		<p><b>Examples of what our plan buys:</b></p>
<p><b>Purchasing Plan:</b></p>		<ul style="list-style-type: none"> <li>▪ Instructional and academic support for over 150,000 students in higher education institutions.</li> <li>▪ Scholarship programs for over 73,000 South Carolina residents to increase affordability.</li> <li>▪ A cap on tuition increases limited to the Higher Education Price Index.</li> <li>▪ Funding for critical need areas, such as nursing education and research.</li> <li>▪ Multiple access points of educational opportunities for our citizens.</li> <li>▪ Records and artifact preservation, museum exhibits, and arts funding.</li> </ul>
<p>\$690,790,243 General Funds</p>		<p><b>Examples of what our plan does not buy:</b></p>
<p>\$3,292,150,283 Total Funds</p>		<ul style="list-style-type: none"> <li>▪ Out-of-state arts supplemental funding.</li> <li>▪ Duplicative support costs for instruction at neighboring schools.</li> <li>▪ Funding for underutilized degree programs which are available at other institutions.</li> <li>▪ State-funded raises for higher ed employees.</li> </ul>
<p><b>Savings Proposal:</b></p>		
<p>\$20,765,326 General and Other Funds</p>		

**Our Plan Buys:**

**Instructional, operational, and maintenance support** for 33 two- and four-year campuses, research universities and technical colleges. This activity provides the core support for the operation of the higher education system in our state. We propose **maintaining funding** in the amount of **\$590,484,678** in general funds and **\$2,741,765,266** in total funds.

**Research funding that leverages additional grant dollars.** The three research campuses – Clemson, the University of South Carolina, and the Medical University of South Carolina – as well as some of the teaching universities rely on state funding to leverage additional resources from federal and other grant sources. These dollars help

provide a research foundation to enhance the learning environment within the schools. We propose **maintaining funding** in the amount of **\$11,157,397** in general funds and \$ 399,360,885 in total funds.

**Program coordination and oversight by the Commission on Higher Education.** The CHE, while limited in authority at present, provides reviews of academic and scholarship programs, comprehensive data collection, and facilities coordination. We propose **maintaining funding** in the amount of **\$55,803,987** in general funds and \$76,774,609 in total funds. These amounts include the educational endowment and some scholarship programs. We also propose to increase funding by **\$250,000** in general funds for **Academic Program Review** to better enable the CHE to determine the validity of existing and proposed programs.

**Nursing programs at USC, MUSC, Midlands Technical College, and Francis Marion University.** Funding is made available to assist in the mitigation of the severe shortage of trained nurses. This shortage is most evident in the Pee Dee region and state support for this discipline will allow us to begin to address this need. We propose **maintaining funding** in the amount of **\$2,323,631** in general funds and \$5,463,449 in total funds.

**Scholarship programs at all levels.** The LIFE, HOPE, and Palmetto Fellows scholarships, along with need-based grants, help parents and students pay for tuition. Funding for these scholarships exceeds \$176 million annually. We propose that the overall scholarship program be re-evaluated to strengthen the qualifications for receipt of scholarship assistance. Far too many freshmen are becoming ineligible for scholarship retention because they were under-prepared for the academic challenges of higher education. The retention rate for the LIFE scholarship for freshmen entering in Fall 2003 to Fall 2004 was 50.6 percent. However, it is still our priority to offer a greater level of affordability to higher education students. We, therefore, propose increasing the amount of lottery funds appropriated to these scholarship and grant awards as follows:

- **LIFE Scholarships by \$8,873,560** for total funding of \$131,248,304.
- **HOPE Scholarships by \$550,887** for total funding of \$6,733,904.
- **Palmetto Fellows Scholarships by \$4,640,308** for total funding of \$15,817,020.
- **Needs-Based Grants by \$3,936,773** for total funding of \$14,375,200.

**Tuition grants for over 12,000 students attending independent colleges in South Carolina.** This investment is returned many times over by using the capacity of these schools instead of additional “bricks and mortar” at state-supported colleges and universities. Since its inception in 1970, the tuition grants program has provided assistance to over 253,000 South Carolina students. In 2003, 45.6 percent of the grant recipients were African Americans and more than 66 percent of the recipients were from

families earning less than \$50,000 annually. We propose **maintaining funding** in the amount of **\$19,322,247** in general funds and **\$26,529,492** in total funds.

**The Lottery Tuition Assistance Program** is designed to aid students bound for two-year technical colleges. Each student is awarded an amount based upon the number of eligible recipients and the amount of available funding each year limited to the cost of tuition. We feel this program assists in giving students an opportunity to achieve an education at a higher level and, therefore, propose **maintaining funding** in the amount of **\$39,750,000** in lottery funds.

**Preservation of historic records**, which allows the Department of Archives and History to secure our history for future generations while providing access to unique documents for current research. We propose **maintaining funding** in the amount of **\$3,090,141** in general funds and **\$5,560,941** in total funds.

**South Carolina's Virtual Library** known as DISCUS which gives all South Carolina residents free access to subscription electronic information and learning resources at K-12 schools, colleges, and public libraries, and from home and workplace internet computers. This access results in a very cost-efficient investment as savings realized to citizens have been calculated at over \$22 million annually. We propose **maintaining funding** in the amount of **\$79,832** in general funds and **\$461,832** in total funds.

**Our Plan Saves by:**

**Phasing out over three years the USC branch campuses at Union and Salkehatchie.** As we stated in last year's Executive Budget, students currently attending these underutilized campuses could access existing larger campuses in nearby communities. The operation and maintenance of these universities continues to increase even though enrollment is decreasing compared to other nearby colleges and universities. For example, this year USC-Salkehatchie has requested \$10.3 million in capital budget expenditures for campus upgrades and USC-Union has requested \$1.7 million. **First-year savings** for this phase-out is **\$962,549**. These savings should be diverted to need-based scholarships and would provide assistance to those students who otherwise may not be able to afford additional opportunity for education beyond high school.

**Consolidating the Institute for Archeology and Anthropology** currently residing at USC-Columbia into the Department of Archives and History. This function could be easily absorbed and housed at DAH and is consistent with their overall mission of cultural preservation. DAH has adequate physical space available to incorporate this function and it fits with DAH's defined mission. Most of our neighboring states (Alabama, Virginia, North Carolina, Mississippi, Louisiana) house their Archeology programs at their equivalent of our Department of Archives and History. **Annual savings** will amount to **\$496,812**.

**Reducing expenditures at USC-Sumter by encouraging increased collaboration with Central Carolina Technical College.** These two schools are literally only separated by a fence that sits between the two campuses and yet each school offers over 12 common academic courses, and has its own bookstore, library, and information technology systems. Our institutions of higher education must do a better job of working together, and we believe that these schools can realize the savings from the small budget reduction through better coordination with each other. **Annual savings are \$110,622.** This represents a three percent reduction in the state funding for USC-Sumter.

**Reducing administration at four-year institutions and technical colleges.** By reducing the costs of non-instructional personnel to an average benchmark of all schools in the category we can realize **annual savings of \$2,813,403.** There is a wide range of administrative expenses among the campuses. By setting a benchmark we can standardize the costs of non-instructional personnel at each institution based upon the average cost.

<b>Four Year Institutions</b>	<b>Admin as % of Total Budget</b>	<b>Technical Colleges</b>	<b>Admin as % of Total Budget</b>
Lander University	6.36%	Tri-County Tech	14.15%
Francis Marion University	6.35%	Williamsburg Tech	12.94%
Coastal Carolina University	6.24%	Piedmont Tech	11.71%
South Carolina State University	6.00%	Lowcountry Tech	11.18%
The Citadel	5.88%	Spartanburg Tech	11.09%
<b>Average Admin. as % of Total Budget</b>	<b>5.66%</b>	Midlands Tech	10.98%
University of Charleston	5.33%	Northeastern Tech	10.97%
Winthrop University	4.78%	Orangeburg Calhoun Tech	10.90%
		York Tech	10.84%
		<b>Average Admin. as % of Total Budget</b>	<b>10.61%</b>
		Horry-Georgetown Tech	10.49%
		Aiken Tech	10.31%
		Florence-Darlington Tech	10.13%
		Trident Tech	9.77%
		Greenville Tech	9.71%
		Central Carolina Tech	9.39%
		Denmark Tech	7.61%

We recommend a reduction over a two-year period for Tri-County Technical College.

**Consolidating the Cultural and Arts Agencies.** By combining the Department of Archives and History, Arts Commission, State Library, and State Museum under a Department of Literary and Cultural Resources administrative entity, we project **savings of \$450,942** in recurring general funds through a reduction in space requirements, elimination of systems duplication and equipment. These agencies'

major goals are to continually improve and restore the environment of literary, cultural, and historic resources.

**Reducing expenses through collaboration and cooperation among the research universities.** The USC/MUSC pharmacy schools merger is an example of a successful collaboration which will yield significant savings to the state without weakening the quality of the program. Through further such efforts, the research universities should continue to engage in additional partnerships that can produce additional savings. There are encouraging signs that they are continuing to pursue those objectives in other areas of overlap – such as colleges of nursing and medicine. We propose a one percent reduction for Clemson, USC, and MUSC that will result in **savings of \$3,122,760** in general funds to encourage such further collaboration.

**Eliminating a pass through to the Omega Project.** This funding passes through Francis Marion University and is used solely to fund the Palmetto Project's voter initiative in the Pee Dee region. This is not a part of the university's core educational mission. We proposed eliminating this pass through last year and propose it again in this budget **saving \$56,147** in general funds.

**Reducing funds to the Leadership Center** at USC-Salkehatchie. Although worthy, this program is designed for middle and high school students and should be funded by the local school districts. We proposed eliminating this funding last year and propose it again in this budget **saving \$100,460** in general funds.

***Merger of Pharmacy Schools***

*A Model for Efficiency in Higher Ed*

In our first Executive Budget, our administration advocated a plan to merge the operation and resources of the state's two existing pharmacy schools. This merger does not diminish in any way the quality of the programs; conversely, it strengthens the program. Students will still be able to attend classes in Columbia and Charleston, but under the aegis of a single administrative structure.

John Raymond, MUSC's academic affairs vice-president recently indicated that the two schools shouldn't have to compete for the limited resources available. Merging the pharmacy schools is expected to save the state about \$2 million a year when completed. Future students will now be enrolling in the South Carolina College of Pharmacy.

USC President Dr. Andrew Sorensen and MUSC President Dr. Ray Greenberg should be commended for advancing this collaborative idea with their respective pharmacy deans and boards.

Initiatives like this have the potential to create stronger programs which maximize existing resources and eliminate duplicative services. They can also reduce competition and unnecessary politicization for limited resources.

Higher education institutions should use the pharmacy school merger as a model for other areas of possible consolidation such as the MBA programs offered by USC and Clemson and duplicative masters level programs offered on multiple campuses.

**Reducing funds used for contract lobbying.** It is inefficient for agencies and institutions of higher education to use any part of their limited resources on high-priced lobbyists to lobby for more public funding for their agencies. Problems with this system were evident during last year’s budget process when seven of the eight higher education institutions that employ contract lobbyists received a total of \$6.4 million in new money – an average of more than \$900,000 per school. On the other hand, the 20 schools that had no registered lobbyists had their budgets reduced by an average of \$650,000 per school. As a May 30, 2004, *Charleston Post and Courier* editorial pointed out, “Legislators have ignored the call for eliminating taxpayer-funded, contract lobbyists for two consecutive years. The result of this inaction for the taxpayer has been noticeable.” We have symbolically reduced funding to agencies with contract lobbyists for a total **savings of \$120,330**, which is the total amount they paid contract lobbyists this year. As the resulting cost from allowing this practice is much greater than the lobbyists’ actual fees, we again urge the General Assembly to pass a law similar to the one sponsored by Representative Jim Merrill last year that would end agencies’ use of contract lobbyists. We would also urge the General Assembly to strengthen the Commission on Higher Education so that boards of trustee members do not independently lobby them and the CHE for funding of their particular institution, and instead follow the course most reasonable to the taxpayers – making the funding requests through the CHE.

**Reducing funds for underutilized degree programs.** The Commission on Higher Education conducted a Program Productivity Study in July 2004 that resulted in a number of degree programs being terminated for lack of participation or demand. Offering degree programs that have only a few students participating and graduating, especially when these degrees can be obtained elsewhere in the state, is a clear inefficient use of resources. We, therefore, propose eliminating several additional underutilized degree programs at The Citadel, South Carolina State University, USC-Columbia, USC-Upstate, and Winthrop University and correspondingly reduce funding for one teaching position at each of these institutions. By reducing this funding we can **save \$241,282**.

<b>Institution</b>	<b>Degree</b>	<b>Program</b>	<b>Enrollment Average</b>	<b>Completion Average</b>
The Citadel	Bachelor	French Language & Literature	6.6	0.8
South Carolina State	Bachelor	French Language & Literature	0.4	0.2
USC-Columbia	Bachelor	European Studies	2	0.4
USC-Upstate	Bachelor	French Language & Literature	3.6	0.4
Winthrop	Master's	Mathematics	3.8	1.8

**Maintaining current expenditures for the National Guard Tuition Repayment Program** which provides loan repayment incentives to certain entering or current guardsmen. Although a very worthwhile program, we have discovered that it has only expended an average of \$130,000 in the past two fiscal years. For this reason, we propose a **reduction of \$1,250,000 in appropriated lottery dollars** for total funding of \$250,000 which will continue to cover the costs of the program at its current spending level.

**Maintaining the Endowed Chairs Program** at current available match levels. We believe this program has the potential to be a major asset to the three benefiting research universities and to the state as a whole. However, at this point, all required matching dollars have not been drawn down at the university level. Of the \$90 million budgeted to CHE in the past three years, \$72.5 million of it has been awarded, but only \$17 million has been distributed due to the difficulty of obtaining matching funding. Given the current excess capacity that is available for match, we believe that a **\$20 million appropriation** in lottery funds would be more than sufficient next year.

***Making Tough Choices:***

Given the state's finite amount of resources, we had to make some difficult choices regarding which activities to fund or not fund. While the activities listed below may well have merit, when comparing them with other activities, we did not think their anticipated outcome would be as effective in achieving our goal. The following activities reflect some of those difficult choices:

**South Carolina Student Legislature** is a statewide program allowing college students to simulate an active role in South Carolina political issues and discussion. We believe funding for this program, though worthy, should be provided by alternative funding sources resulting in a **\$17,780 savings** in general funds.

**Governor's School at the University of Charleston.** This residential summer program for academically and intellectually gifted high school students was established in 1976 and represents slightly over one percent of the university's state appropriation. The state subsidizes about 80 percent of the costs to attend while current students pay only \$1,000 or about 20 percent of the actual cost for tuition, room, board (3 meals a day), books, field trips, local phone service, and enrichment activities. Discontinuing state funding for this summer school program will result in a **savings of \$288,018** in general funds.

**Coeducation Initiative at The Citadel.** These funds were originally appropriated to retrofit dormitories and restroom facilities. Since most, if not all, of these projects for the assimilation of women have been completed, it is appropriate to cancel this appropriation and redirect the dollars to the Commission on Higher Education for reallocation among the institutions of higher education. We do believe that the elimination of this appropriation in one year would pose a hardship on The Citadel as

they have depended upon it for general operating expenses. However, we recommend restoring 75 percent of this funding for academic support activities (\$832,500). This results in a net **savings of \$277,500** in general funds.

**National History Day in South Carolina.** This is an educational program that encourages students in grades 4 through 12 to study, research, and develop topics related to history and to expand their knowledge through exhibits, performances, documentaries, or historical papers. While this program is valuable in educating students about history, it reaches less than two percent of students (less than 9,000) statewide. Reducing state funding for this program will result in **savings of \$54,496** in general funds.

**Expenditure for the Arts Program through the Commission on Higher Education.** This appropriation is used to pay the differential in tuition costs for students to attend the North Carolina School for the Arts in Winston Salem, North Carolina. Funding South Carolina students' out-of-state tuition may be justified where equivalent programs are not offered by South Carolina's institutions of higher education (such as a veterinary school program), but art programs are readily available in-state. This will result in **savings of \$10,274** in general funds.

*Please see the Appendices for a complete listing of the Governor's Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

# Improve the Conditions for Economic Growth

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## Improve the Conditions for Economic Growth

**Our team is going to continue working on our economic soil conditions as a state so that local development folks will have some additional tools to use in attracting business. That starts with lowering the income tax and making our state more competitive on the jobs and capital investment fronts.**

- Governor Mark Sanford, Pella Corporation announcement, September 29, 2004

At this economic development announcement, a Pella Corporation executive explained to the audience how the selection process to expand their current operations by 450 employees brought them to South Carolina. They noted the highlights the state had to offer: a solid workforce and overall quality of life.

Governor Sanford's Goals for **Improving the Conditions for Economic Growth** are to:

- ✓ Increase personal income.
- ✓ Increase capital investments.
- ✓ Decrease unemployment.

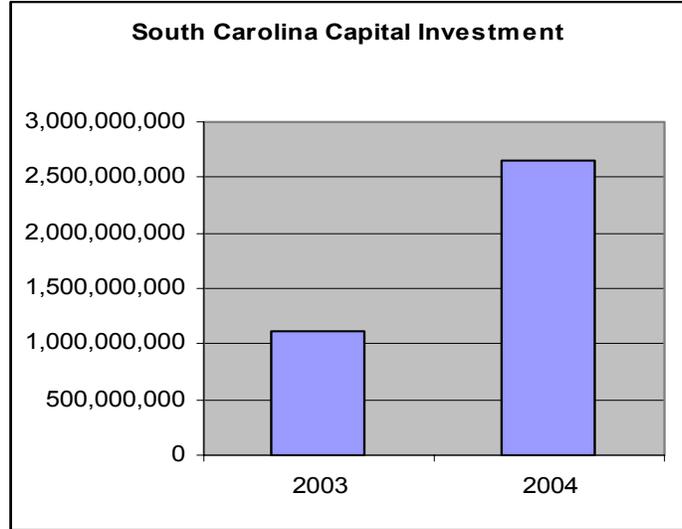
Unfortunately, this story does not happen enough, and yet it must occur more for the state to recover from the recession felt by our citizens over the past few years. South Carolina's economy, like that of most states, has felt the pain of the recent recession. Unemployment has been on a four-year rise, reaching as high as 6.9 percent in October 2004. Manufacturing jobs, which South Carolina has depended on for decades, have declined by 21.8 percent or 75,000 jobs during this period. To turn this trend around, we must improve the conditions for economic growth in our state. South Carolina is no longer just competing with Georgia or California for major industrial expansions, we are competing globally. If we want to be an international player in business, the state must focus our limited resources on preparing communities for economic growth, enhancing conditions for business vitality, and marketing the state's assets.

### Developing our Purchasing Priorities

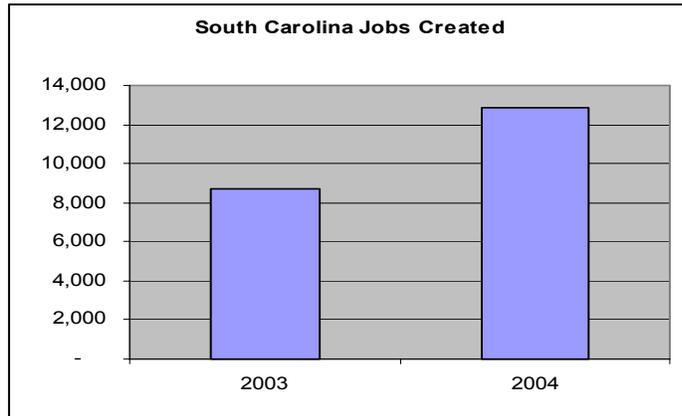
In order to develop our purchasing priorities, we first looked at the major indicators of success to determine whether state government is currently reaching its goal to improve the conditions for economic growth. We have found that South Carolina is making progress; however, there are areas that need improvement. This section identifies the measures that help explain whether our state is or is not achieving our goal.

***Where We Are Succeeding***

The Department of Commerce is a good example of an agency that has voluntarily trimmed their staff and focused their vision. In total, the agency produced an annual administrative savings of \$1,000,000. Despite these unprecedented reductions, Commerce is on track to exceed 2003 capital investments by 136 percent. Specifically, the Business Development Division brought in \$1,120,000,000 in capital investments in 2003. As of December 15, the number for 2004 is already \$2,645,340,000.



Capital investment represents the dollars spent by businesses on real and personal property. Capital investment can frequently be referred to as business investment, which includes new or existing expansions. The total amount of capital investment in South Carolina is a direct indicator of economic growth. Continuous growth is a strong indicator of a healthy or recovering economy because it represents real investment in the state. Along with real investment, comes job creation.



**Source: South Carolina Department of Commerce**

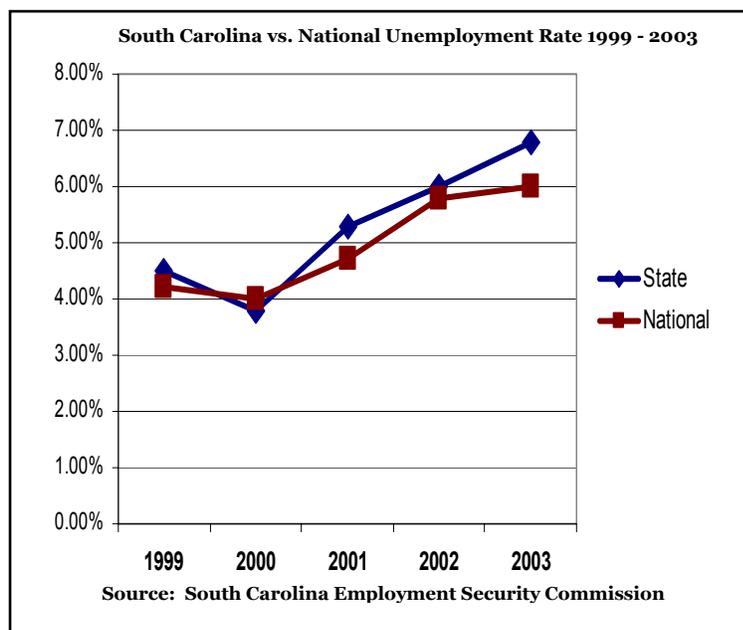
- \* 2004 numbers are thru December 15, 2004.
- \* Beginning with calendar year 2003, the Department of Commerce implemented a new standard for reporting capital investment activity. The investment dollar numbers given represent the sum of only those projects in which the department played a major role, making comparisons with earlier years difficult.

***Opportunities for Improvement***

The unemployment rate is an important indicator of the environment or the conditions for economic growth. In four of the last five years (1999-2003), South Carolina's unemployment rate has been higher than the national average. More recently our rate reached 6.9 percent, 28 percent above the national average of 5.4 percent. In Marlboro, Marion, and Williamsburg counties, approximately one in six employable citizens is out of work.

Our workforce continues to grow at a faster rate than new jobs are being created. Between January 2003 and July 2004, South Carolina's workforce increased by 86,553. In that same time period, only 21,517 jobs were created. In order to increase the number

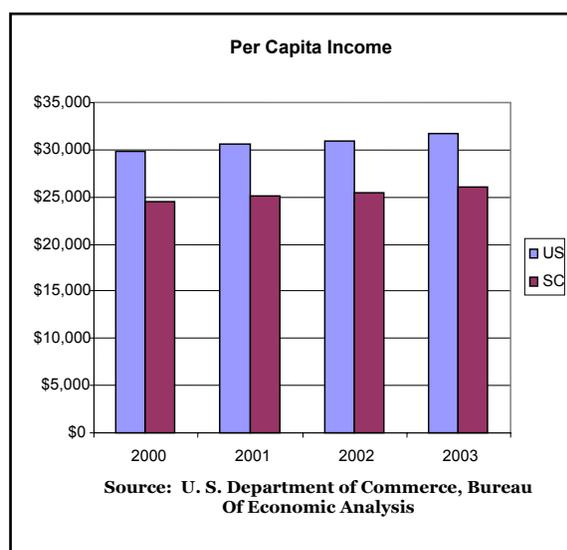
of jobs needed to employ available citizens, we must improve the environment for economic conditions by making the state more competitive.



Toward that end we must reduce the income tax, pass tort reform, and improve education. Additionally, we must better coordinate the limited available dollars we spend on these activities. Under the current budget structure, dollars for business development are spread between the Department of Commerce, the Department of Parks, Recreation and Tourism, South Carolina State PSA, Clemson PSA, the Budget and Control Board, and Technical and Comprehensive Education. As the agency whose sole mission is job creation and economic development, the

Department of Commerce should serve as the lead agency on the state's behalf. Because a portion of the dollars spent on economic development outside of the Department of Commerce are tied to matching federal funds, we are not suggesting all of these funds be moved, but rather, that there be a greater level of coordination. Additional dollars or research can sometimes be the difference between landing a big project or not. To improve the state's competitiveness, all of these resources must be directed to expanding existing businesses in the state and attracting new businesses.

History has proven that when coordination occurs, the state is the beneficiary. For example, the dollars available for worker training through the Center for Accelerated Technology Training (CATT) in the Technical and Comprehensive Education budget are used as a part of the state's incentive package when recruiting new businesses. When BMW and Fuji were looking to bring major industrial expansions to the state, these funds gave us the edge. BMW officials went so far as to say that they would not be up-and-running without CATT. Even though the Department of Commerce served as the lead agency to



both companies, the folks at CATT worked seamlessly with everyone involved. This coordinated effort produced such great initial success that the two companies still utilize their services today. This kind of positive collaboration helps stimulate job creation.

South Carolina must focus its efforts not only on creating jobs, but creating high paying jobs. The state was ranked 42<sup>nd</sup> nationally on per capita personal income in 2003. At \$26,138, we are only earning 83 percent of the national average of \$31,459.

In recent years, the Department of Commerce has been successful in making headway to improve our low ranking. In 2003, the average pay for jobs created was \$30,420. This number rose to \$34,773 for 2004 (through December 15, 2004). The December 1, 2004, announcement of Alenia/Vought – bringing 645 jobs to the state at an average salary of at least \$50,000 – is a step in the right direction. It is going to take a continued focus on recruiting quality jobs like these for there to be any major degree of movement in the current personal income average.

Improving the business-friendly environment will also contribute to improving the conditions for economic growth in the state. South Carolina Business One Stop is a new program that benefits businesses and government through time and cost savings. Start-up businesses can register online with the Department of Revenue, the Secretary of State, and the Employment Security Commission 24 hours a day, 7 days a week. Businesses will benefit from ease of access, and the elimination of red tape, visits to multiple state agencies, and duplication of effort to open a new business. This is a step in the right direction that makes South Carolina more business-friendly.

### **Purchasing Priorities**

The major funding priorities are those that we think will best achieve our goal of improving the conditions for economic growth. Our four major funding priorities are as follows:

Prepare communities for economic growth. Companies considering locating a facility in South Carolina are looking at specific areas in the state versus the state as a whole. It is vital that we prepare these individual communities for the potential of success. Through numerous grant programs, millions of dollars are available to communities for upgrading water and sewer infrastructure, industrial parks, and speculative buildings to plan for growth. Competitively awarded dollars are also available to units of government within non-metropolitan, rural areas for activities that primarily benefit low- and moderate-income people. They provide economic opportunities, decent, safe, and affordable housing, and a suitable living environment including the provision of basic infrastructure, public facilities, and services. Monies are allocated specifically for downtown revitalization projects – often bringing people and jobs back to the Main Streets of rural South Carolina. Communities are also provided needed job location assistance, career development, and enhanced workforce skills to prepare individuals for job opportunities.

Enhance conditions for business vitality. When the opportunity for job creation presents itself, the competitive environment demands that we respond with direct spending of dollars through incentives. Serving as the lead agency, the Department of Commerce works with companies on investment decisions. Together the company and the department determine the parameters of a project and coordinate local government assistance. Dollars are available to assist counties and municipalities for infrastructure improvements to benefit the project. Additionally, the CATT program trains the workforce for current and future industry needs. Agriculture and farming play a large role in the economy of our state. As such, a number of programs that the Department of Agriculture funds are to market and research such commodities as pork, cotton, tobacco, and soybeans. These efforts are aimed at improving the economic vitality of the individual farmer. Small businesses are the state's largest job creators. This vital group is provided entrepreneurial support through activities at a number of agencies.

Effectively market South Carolina's assets. From our beaches to our peaches, South Carolina is blessed with marketable products. The role of government is to promote an inviting image of our state and its resources. Through an international marketing campaign, the state's cultural, natural, and man-made tourism resources are promoted for the purposes of attracting visitors to the state to spend their discretionary funds. There is a tangible economic impact from the state's investment – every dollar properly invested in marketing returns more than \$20 in direct tourism spending to the economy. The economic benefits of tourism are felt in all areas of the state – including rural and less-developed communities.

Also, by building governmental and business relationships between the state and other countries, networking opportunities are created for the state's businesses. Funds are spent to enable companies from across the state to market their products to potential buyers. This allows South Carolina's companies to make direct sales abroad.

Ensure a reasonable and safe business regulatory environment. For the benefit of consumers and businesses, it is important that the state have some degree of oversight. These business-friendly regulations should ensure some minimum level of skill for licensed practitioners to support health and safety, protect citizens from financially impaired companies, and enforce workplace safety in order to reduce injuries. When the safety or well-being of citizens is not an issue, market-based forces should replace the need for an excessive number of licensure boards. A large percentage of these functions are fee-based and require little general fund dollars.

**Governor’s Purchasing Plan – Highlights**

We address our state’s fiscal problems by purchasing only those services that deliver the greatest impact on improving the conditions for economic growth. We do not purchase some services that, while still considered valuable, have been identified as lower priority. The following table identifies key purchases within our Executive Budget’s total state economic development spending plan as well as examples of what is not purchased. Detailed highlights of our purchasing plan are provided below the table.

<p><b>Improve the Conditions for Economic Growth</b></p>		<p><b>Examples of what our plan buys:</b></p>
<p><b>Purchasing Plan:</b></p>		<ul style="list-style-type: none"> <li>▪ Income tax relief for individuals and small businesses.</li> <li>▪ Business development incentives creating more than \$1.5 billion in capital investments and 8,000 jobs.</li> <li>▪ More than \$5 million in grants to expand the travel and tourism industry.</li> <li>▪ Workforce training for over 5,000 students.</li> <li>▪ Career development training for thousands of individuals.</li> <li>▪ Inspection of over 1,700 workplaces to ensure employee safety.</li> </ul>
<p>\$52,681,140 General Funds</p>		
<p>\$314,820,260 Total Funds</p>		
<p><b>Savings Proposal:</b></p>		<p><b>Examples of what our plan does not buy:</b></p>
<p>\$5,746,979 General and Other Funds</p>		<ul style="list-style-type: none"> <li>▪ Direct pass through funds.</li> <li>▪ Less efficient, duplicative services.</li> <li>▪ Subsidies to fee-based licensure boards.</li> <li>▪ Many activities that fall outside agencies’ core missions.</li> </ul>

**Our Plan Buys:**

**An Individual Income Tax Reduction** to the average taxpayer currently paying the Southeast’s highest rate of seven percent. This reduction will allow our state to be more competitive on the economic development front. The current rate hinders job creation, economic growth, income levels, and the quality of life for our state. Proposed to be implemented January 1, 2006, the plan will reduce the top marginal rate of taxes paid by small businesses and individuals with taxable incomes over \$12,650 by .25 percent and raises the income tax brackets by full indexation. As a result of the improving economy and more conservative revenue predictions for the current year, the Board of Economic Advisors estimates that we will end this current fiscal year with a surplus of \$109 million. We believe a portion of the surplus in tax dollars should go back to those

who paid them – the taxpayers of the state. Therefore, we propose **using \$7,000,000 of the surplus** to begin to reduce our high income tax rate.

**Project Management Services** to companies in the United States and abroad on their investment decisions. Through these services, we consult and provide comprehensive packages to companies looking to select a South Carolina location for investment and job creation. We propose to **increase recurring funding** for this activity by **\$280,000** amounting to \$2,426,258 in general funds.

**Local Workforce Investment** to meet the employment, training, and labor market needs of businesses, jobseekers, and at-risk youth. These federal dollars should be better coordinated with the state's economic development activities to help recruit high-paying jobs. We propose moving this function to the Department of Commerce so Workforce Investment Act job training dollars can be spent on training programs that relate to the industries and companies that the agency has targeted. **Projected FY 2005-06 federal funding is \$61,627,565** (\$8,861,299 for statewide activities and \$52,766,266 in which go to the 12 local workforce investment areas).

**Visitor Center Services** to the approximately 2.5 million tourists that visit the state's nine Welcome Centers annually. Visitors are provided with information on accommodations and attractions with the hopes of increasing travel expenditures. During the past fiscal year, staff made accommodation reservations valued at \$4.1 million. We propose **maintaining current funding** for this activity at **\$2,228,723** in general funds.

**Asset Marketing Services** for the international marketing and promotion of our state's cultural and natural resources. This is done through direct spending by the Department of Parks, Recreation and Tourism and competitively awarded grants to programs that increase the economic impact of the tourism industry in the local community. We propose **increasing recurring funding by \$1,998,501** in general funds to this activity. Through a recently negotiated media placement contract that reduces the fee charged to the agency to 9.5 percent from 14 percent, the agency will save \$400,000 annually. Competitively, \$3,801,345 will be awarded to destination marketing services and events used to increase tourism dollars into the communities of the state. This **activity will be funded** with **\$13,726,986** in general funds.

**A competitive grants program at the Department of Commerce.** Pursuant to Executive Order 2004-29 the \$543,688 currently passed through to the Spoleto Festival, World Trade Center, and the World Trade Park Economic Development would be replaced with a \$500,000 competitive grants program. This administration has always supported the missions of these groups, but thinks creating a structured process for awarding dollars is a better method of funding. The grant dollars would be targeted toward economic development initiatives such as those mentioned above as well as the South Carolina Council on Competitiveness and the Technology Alliance. We propose **\$500,000** in recurring general funds.

**Increased enforcement of insurance fraud cases throughout the state.**

Currently, the Insurance Fraud Unit, which consists of one prosecutor and two State Law Enforcement Division agents, investigates and prosecutes around 600 cases per year. Many states have as many as 30 people working these types of cases. We propose providing \$400,000 in funding to hire and maintain four additional prosecutors for the Attorney General's Insurance Fraud Unit. These funds are made available through increases in other funds identified at the Department of Insurance.

**Promotion of South Carolina's quality agricultural commodities** at local, national, and international levels. Agricultural promotion programs include assisting state producers and processors in exporting commodities, helping with roadside markets, promoting specialty products, and aiding small farmers and the organic food industry. Through the Department of Agriculture, we propose **maintaining current funding** at **\$1,279,563** in general funds, amounting to \$1,586,207 in total funds.

**Agricultural biotechnology research** at Clemson PSA. This research is used to improve agriculture, the environment, and human health. Efforts are coordinated with the South Carolina Biotechnology Incubation Facility and the Department of Commerce to recruit biotech companies and assist with new company start-ups. We propose **maintaining current funding** at **\$1,020,274** in general funds, amounting to \$1,364,356 in total funds.

**Technology Training** for over 5,000 students for 97 plants through the Center for Accelerated Technology Training. Course work is coordinated with the contracting industries with fully-equipped sites and well-qualified instructors. We propose **maintaining current funding** at **\$1,874,103** in general funds.

**Training for small and medium-sized manufacturers** through the South Carolina Manufacturing Extension Partnership (SCMEP). The state funding is coupled with federal dollars to allow SCMEP to assist businesses with their operational plans and strategies for success. Small businesses, being the key to a vibrant economy, benefit greatly from these services. Because the support manufacturers receive from SCMEP and our State Technical College System helps our overall economic development strategy, we propose **maintaining current funding** at **\$1,227,921**.

**Support services to small businesses.** This activity matches start-up or existing small businesses with resources that will take them to the next level in their business growth. We propose **maintaining current funding** at **\$487,594** in general funds.

**Additional Priority Investments:**

**Initial state funding of \$3,000,000 for the Capital Access Program (CAP).**

This program is designed to give financial institutions operating in the state a flexible, non-bureaucratic tool to make business loans that are riskier than conventional loans and that may not meet conventional underwriting standards. Legislation creating the program passed the House of Representatives last year, but stalled in the Senate. The

Santee Cooper Board has discussed sending a portion of their surplus available to the state for economic development, if they elect to do so; we believe this program should receive priority funding. The start up and operation of this program for two years would require **\$3,000,000**.

**First-time funding for the South Carolina Community Economic Development Act of 2000.** This Act was designed to support projects and activities of community-based, non-profit organizations that are focused on improving the quality of life and creating economic opportunity in low-income communities. Though the Act was approved in 2000, no funding has ever been made available for its operation. The Santee Cooper Board has discussed sending a portion of their surplus available to the state for economic development, if they elect to do so; we believe this program should receive priority funding. One-year operations would require **\$1,000,000**.

**Our Plan Saves by:**

**Reducing the fee for tourism advertising placement.** In the spring, the Department of Parks, Recreation and Tourism requested proposals from advertising agencies for media placement. Their goal was to reduce the 14 percent placement rate they were currently paying. The bid was awarded with a 4.5 percent reduction, **saving an estimated \$400,000 annually**.

**Reducing pass through funding.** There are many events and organizations across the state that provide a benefit to the communities they serve. Between the Departments of Commerce and Parks, Recreation and Tourism, the state is directly passing through \$2,588,774 to these entities, often at the request of a single legislator. In an effort to ensure that the limited resources available are spent on activities that strengthen the economy of these communities, we suggest that \$1,165,043 be made available through competitive grants programs at these agencies. The remaining **\$1,423,731 will be saved** and returned to the general fund. This is consistent with our Executive Order 2004-29.

Additionally, the Tourism Marketing Partnership Program at PRT already provides a matching grants program to aid the development of effective tourism promotion products at the local level. This program provides in excess of \$3,000,000 in matching grants. Our goal here is not to eliminate funding for any specific activity but, to ensure that the activities that are funded are the most productive economically, rather than most favored politically.

**Merging administrative functions.**

We propose moving the Office of Local Government from the Budget and Control Board to the Department of Commerce. This would create a single lead agency empowered to enhance economic development in the state. Through Commerce’s Community Development Block Grant Program, \$38 million is being distributed by 12 staffers. The program at the Budget and Control Board awards \$3.6 million in grants and has over five employees. Combining these duplicative areas will allow for an administrative **savings of \$134,841.**

**Directing gasoline tax revenue to the petroleum inspection and testing program.**

The Department of Agriculture is charged with inspecting and testing gas pumps for accuracy and suitability for service. The current state law provides that, “For the purposes of providing funds for inspecting, testing and analyzing petroleum products and for general state purposes, there must be paid to the department a charge of one-fourth cent a gallon...” Currently, the department runs this program with general fund dollars. We propose directing \$1.3 million from the gas tax to run this program because it is statutorily required. This will generate **savings of \$1,109,476** (\$488,934 in general fund and \$620,542 in Maybank Money that would need to be reinstated).

**Self-funding for services provided by the Department of Insurance.**

In the FY 2004-05 Executive Budget, we proposed moving the entire budget of the Department of Insurance off-line so that it would be funded by the industry, as is the practice in other states. In this budget, we do not propose taking the

***Commerce at Its Best***

In early 2003, the Department of Commerce went through an extensive top to bottom audit of the agency’s structure. The goal was to identify strengths and weaknesses and to refocus the agency on its core mission of job creation and economic development.

One thing was very clear – the duplication of services. Specifically, there were too many layers. Often, staff was reporting to middle-managers and everyone had a personal assistant. To generate more dollars for the agency to spend on front line services, the staff was reduced by 33 employees and the 15 existing divisions cut to 4 by consolidating management. Overall, administrative reductions produced annual savings of \$1 million that was re-directed toward economic development services.

A few highlights of their efforts include the following:

*Space* – As a result of restructuring, Commerce consolidated their offices from 4 floors to 2 floors in the SouthTrust building, saving approximately \$264,000 annually.

*Budgeting Processes* – Commerce began an extensive budgeting process in November 2003 in which each division developed short- and long-term goals that were all tied to the budget.

In the face of budget and personnel cutbacks, Commerce is performing extremely well. To cite just one example, the Business Development division brought in \$1,120,000,000 in capital investments in 2003. As of December 15, the number for 2004 is already \$2,645,340,000. Corresponding job creation was 8,675 for 2003 and 12,842 for 2004, through December 15.

department off-line, but instead we recommend a small increase in fees for two services provided to the insurance industry. This includes a solvency monitoring desk audit fee of \$250 for financial analysis, and a fee of \$25 for filing forms and rates. **Annual savings will amount to \$375,000.**

**Self-funding for the Department of Labor, Licensing and Regulation's boards and commissions.** The Department of Labor, Licensing and Regulation primarily staffs its 38 boards and commissions with licensure fees. However, a few still rely on some amount of general fund dollars – Elevator and Amusement Ride Inspection, the Building Codes Council, and the Manufactured Housing Board (a fourth board – Pyrotechnic Safety – also relies on general fund dollars, but we propose their elimination below). The two-year plan is to make all of them self-sustaining. For year one, FY 2005-06, we have reduced their state dollars by half to give a reasonable amount of time to set and implement fee increases. This produces a year one and year two **savings of \$536,130.**

**Combining and eliminating licensure boards.** In addition to the direct general fund savings listed above, there are a number of fee-based activity changes that we suggest implementing. While they will not all provide general fund savings, they will provide direct savings to the affected professionals and taxpayer.

Currently the Board of Barber Examiners and the Board of Cosmetology have two different oversight groups and regulations. Since the two professions are closely aligned by function, we propose combining staff and resources for a potential fee decrease to licensees.

The following boards are currently regulated by LLR. As a part of this budget we are proposing their elimination.

- Board of Registration for Foresters
- Board of Registration for Geologists
- Auctioneers Commission
- Perpetual Care Cemetery Board
- Board of Pyrotechnic Safety

The primary focus of regulations at LLR should be to protect and preserve the health, safety, and welfare of the public. None of these boards satisfy this fundamental requirement for the existence of a regulatory agency.

**Making Tough Choices:**

Given the state's finite amount of resources, we had to make some difficult choices regarding which activities to fund or not fund. While the activities listed below may well have merit, when comparing them with other activities, we did not think their anticipated outcome would be as effective in achieving our goal. The following reflects some of those difficult choices:

**Direct pass through funding.** In our veto message to the FY 2004-05 Appropriations Bill, we stated that any public-private endeavor should employ an open and objective competitive process so that the most worthy projects receive public investment. We believe the \$3,801,345 made available through the competitive grants program at PRT is a more fair way to fund these projects than with pass through funding. Therefore, we propose eliminating the following direct pass through funding: one-half of the off-line pass through dollars from FY 2003-04 (the other half will be rolled into competitive grants), Canadian Day, Palmetto Bowl, Freedom Weekend Aloft, and one-half of the on-line pass through dollars on the Contributions line. This will **save \$1,380,043**, but will allow these organizations to apply to PRT for their funding.

**Clemson Public Service Activities reaching outside of their core mission of agriculture.** As we stated in the FY 2004-05 Executive Budget, “tough budget times unfortunately require that some difficult decisions be made. We recognize the valuable role PSAs have played in our rural areas over the past several decades. However, as we mentioned before, we think that the agency should narrow its focus to more closely concentrate on its core mission of serving our state’s agricultural community.” Those non-core activities we identified are Government and Public Affairs Research and Education, Rural Community Public Issues Education, Community and Economic Affairs Research and Education, and Rural Community Leadership Development. These activities represent a general fund **savings of \$794,864**.

*Please see the Appendices for a complete listing of the Governor’s Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

Improve the Health  
of our Citizens

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## Improve the Health of our Citizens

Managing the rising cost of health care is one of the biggest fiscal challenges we face as a state. Preventing further declines in health care outcomes is a challenge in every community. South Carolinians want an efficient health system and a menu of health plans from which to choose for themselves and their families.

South Carolina's approach to health care is ripe for reforms, in its overall management structure, its general lack of marketplace principles, and its level of focus on prevention of diseases.

The unwieldy management structure of our state's health care system, with five different agencies answering to several different authorities, needs to be addressed. We are not going to be able to take advantage of most innovative health care solutions until the structure delivering those solutions is fit and trim itself, delivering services in an efficient and accountable manner.

It has been said before that an ounce of prevention is worth a pound of cure. Actually, it is potentially worth many millions of dollars for our state. In this budget, we place an added emphasis on preventing health problems before they start. Success in this effort would make our state finances – and the lives of many of our citizens – richer and healthier.

### Developing our Purchasing Priorities

In order to develop our purchasing priorities, we first looked at the major indicators of success to determine whether state government is currently meeting its goal to improve the conditions for the health of our citizens. We have found some modest progress; however, there are many areas that need improvement. This section identifies the measures that help explain our state's progress, or more often lack of progress, in achieving our goal for a healthy citizenry.

**Governor Sanford's Goals for Improving the Health of our Citizens** are to:

- ✓ Improve the quality and length of healthy life of our citizens.
- ✓ Help lower health care costs by focusing on prevention of diseases before they start.
- ✓ Reduce race and gender health disparities.
- ✓ Enhance access to physical and behavioral health care.

***Where we are succeeding***

South Carolina has been very successful in the area of immunization. Nationally, 78 percent of children are immunized while in South Carolina 83 percent of children are immunized. Our rates of immunization among the elderly for pneumonia, and in normal years, influenza, are also above the national average. Immunization against diseases is a very cost effective strategy for improving the health of our citizens.

Another area of success is in our rate of women receiving mammograms. South Carolina ranks ninth in the nation for the percent of women receiving mammograms at appropriate ages and intervals. While our performance in this area is considerably better than the 16<sup>th</sup> and 25<sup>th</sup> rankings of our neighboring states, North Carolina and Georgia, respectively, we still have racial disparities in this area that need significant attention.

Finally, another area of moderate comparable success is related to health care coverage. For all populations except Hispanics, South Carolina has equal or fewer uninsured individuals per capita than the national average and our neighboring states, North Carolina and Georgia. One reason for this is that a greater percent of our population receives coverage through Medicaid. While we have room for significant improvement, especially among the Hispanic community, South Carolina is making progress in its record of ensuring a health care safety net for our citizens.

**Health Insurance Coverage for All Citizens**  
United States, South Carolina, North Carolina & Georgia

<b>Indicator</b>	<b>US</b>	<b>SC</b>	<b>NC</b>	<b>GA</b>
Uninsured adults	20%	<b>19%</b>	22%	20%
Uninsured children	12%	<b>9%</b>	13%	13%
Uninsured whites	13%	<b>13%</b>	14%	15%
Uninsured blacks	21%	<b>17%</b>	22%	20%
Uninsured Hispanics	34%	<b>49%</b>	56%	43%
Employer sponsored insurance adults	64%	<b>63%</b>	63%	68%
Employer sponsored insurance child	57%	<b>55%</b>	50%	58%
Medicaid adults	8%	<b>13%</b>	10%	7%
Medicaid children	27%	<b>32%</b>	33%	26%

Source: Kaiser Family Foundation

***Opportunities for Improvement***

While South Carolina does have areas of success, there is great room for improvement in addressing South Carolina's health care challenge. The bottom line is that our state

currently ranks 47<sup>th</sup> nationwide in the overall health of our citizens while ranking 11<sup>th</sup> in public health spending per capita, according to the United Health Foundation. We are clearly not getting significant value for our health care dollars.

Prevention

Many of our wounds are self-inflicted; lifestyle choices made by South Carolinians contribute to the poor health of the state. The first table below, Health Risk Factors Rankings, indicates that we engage in behaviors that put our children and ourselves at risk. We have the ninth highest rate of smoking in the nation and the 12<sup>th</sup> highest rate of adults who engage in no physical activity. We rank among the worst of all states with regard to the number of women receiving appropriate prenatal care. These risk factors contribute to the very poor health outcomes summarized in the second table, Health Outcomes Rankings. South Carolina's outcomes indicate poor health across the lifespan – from infancy to death. While health outcomes are poor across the South, South Carolinians generally fare worse than our neighbors in North Carolina and Georgia. This is particularly disappointing when one considers the fact that we spend \$88 a year on public health per capita, considerably more than our neighboring states and well above the United States average of \$59 per capita, according to the United Health Foundation.

**Health Risk Factors Rankings**

Comparison between South Carolina, North Carolina, and Georgia

Indicator	Ranking Among 50 States (lower number indicates better health status)		
	SC	NC	GA
Women receiving prenatal care starting in first trimester	45	24	22
Smoking rate	41	38	25
Smokers who attempted to stop smoking	26	18	11
Adults engaging in physical activity	38	32	39

Source: Kaiser Family Foundation

**Health Outcomes Rankings**

Comparison between South Carolina, North Carolina, and Georgia

Indicator	Ranking Among 50 States (higher number indicates better health status)		
	SC	NC	GA
Percent of preterm births of all live births	5	11	18
Infant death rate	6	10	9
Child death rate	13	23	12
Cancer death rate	13	21	22
Prevalence of diabetes in adults	5	17	12
Stroke death rate	2	4	7
Overweight & obese population	7	34	24

Source: Kaiser Family Foundation

Another major cause of our low rating is the large health disparities that exist in our state. This disparity exists in numerous indices of health such as prenatal care, low birth weight, obesity and rates of death from diabetes and stroke. While health disparities exist nationally, deaths from diabetes, stroke and some cancers are particularly devastating among South Carolina's black citizens.

***Indicators for Non-Hispanic White, Black and Hispanic Citizens***  
 South Carolina and United States Averages

Indicator	White		Black		Hispanic	
	SC	(US)	SC	(US)	SC	(US)
Percent receiving prenatal care	<b>85</b>	89	<b>70</b>	75	<b>60</b>	<b>77</b>
Percent low birth weight	<b>8</b>	7	<b>15</b>	13	<b>7</b>	<b>7</b>
Percent overweight or obese	<b>56</b>	55	<b>70</b>	66	<b>57</b>	58
Diabetes death rate (per 100,000)	<b>20</b>	23	<b>53</b>	23	<b>Nsd</b>	21
Stroke death rate (per 100,000)	<b>66</b>	56	<b>105</b>	79	<b>Nsd</b>	49

Source: Kaiser Family Foundation

*Need for coordination and accountability*

When all of the general funds allocated to the activities related to chronic disease prevention, minority health, smoking cessation, or promoting healthy lifestyles are totaled, they amount to a mere fraction of a percent of the over \$1.1 billion in total general fund spending allocated to improving the health of our citizens. Even when total funds are included, the percentage is abysmal. As well, many of the scarce resources we do spend are allocated in a fragmented manner or through entities such as Clemson PSA or South Carolina State PSA without any coordination from a statewide perspective. Unfortunately, the most significant prevention effort in our state may be related to the structure of our fragmented and largely unaccountable health care system, which prevents us from receiving more benefits from our health care expenditures. If we are going to get serious about improving our overall health and slowing the growth of our health care expenditures, we must better coordinate those resources and make wise spending decisions going forward. We attempt to do just that in this budget.

An extensive, state-by-state review of health care systems, featured in the February 2004 issue of *Governing* magazine, makes a good case for a more accountable and efficient health care system in South Carolina. The article, entitled "States that Stand Out," featured six states as "Success Stories" and six states as "Trouble Spots" in providing mental health services. Unfortunately, South Carolina is listed as one of the nation's trouble spots, even though the magazine reports our state's per capita expenditures on mental health services are 24<sup>th</sup> highest of the 50 states at \$73.99 per capita. The same magazine features Alabama and Texas as mental health "success

stories” even though Alabama is ranked 38<sup>th</sup> in per capita spending and Texas is ranked 45<sup>th</sup>, spending \$37.53 per capita – approximately half of what we spend in South Carolina.

Additionally, the Kaiser Family Foundation ranked South Carolina 38<sup>th</sup> in the country in the percentage of the population reporting poor mental health. Our problem does not appear to be that we have greater mental health needs than other states. Rather, these statistics indicate that we have equal or less need, yet spend more and actually achieve less than most other states.

In one effort to improve interagency coordination, efficiency and quality of care, we helped the Department of Health and Human Services (DHHS) and Department of Mental Health (DMH) reach agreement on the use of disproportionate share money South Carolina received from the federal government. In June 2004, DHHS transferred \$6.5 million in one-time funding to DMH. The money was to be used for non-recurring purposes such as: helping DMH employ crisis emergency teams to assess, diagnose, triage and refer patients waiting in emergency rooms to proper treatment facilities; training law enforcement officers in crisis intervention, increasing DMH’s capacity by 70 treatment beds and facilitating DMH’s relocation from its State Hospital campus on Bull Street in Columbia.

As recently as the late 1960s, the Bull Street campus (comprised of 58 buildings on 180 acres) housed over 6,000 patients, but it is now down to roughly 200 patients as improvements in medications have allowed more people to be treated in a community environment. Mental Health officials estimated last year that by moving off the Bull Street campus, they could save South Carolina taxpayers \$5.3 million in operating costs annually. With the one-time funding from DHHS this summer, as well as its year-end cash reserves of approximately \$27 million, we believe that DMH will have the resources to depart the underutilized Bull Street campus in the next year and provide quality care to our mental health patients in more appropriate facilities.

Our restructuring proposal, which we discuss in the “Fix the Structure” section of this budget, is intended to continue such efforts and enhance the accountability, coordination, and efficiency of our health and human services agencies.

### **Purchasing Priorities**

We developed this purchasing plan by taking proven and promising strategies and then prioritizing them in a way that will achieve the best results. The key strategies we identified are as follows:

Promote healthy lifestyles. Improved quality and length of life among South Carolinians begins with citizens making better choices about their own health. Engaging in unhealthy habits such as poor dieting, leading a sedentary life, and smoking cigarettes results in significant health care costs to our state and often a lower quality of life for the

citizen. For example, obesity-related expenditures represent approximately 6 percent of South Carolina's annual health care bill. The prevalence of adult obesity in South Carolina costs \$1 billion in medical expenditures, with about half of the costs being funded by Medicare and Medicaid.

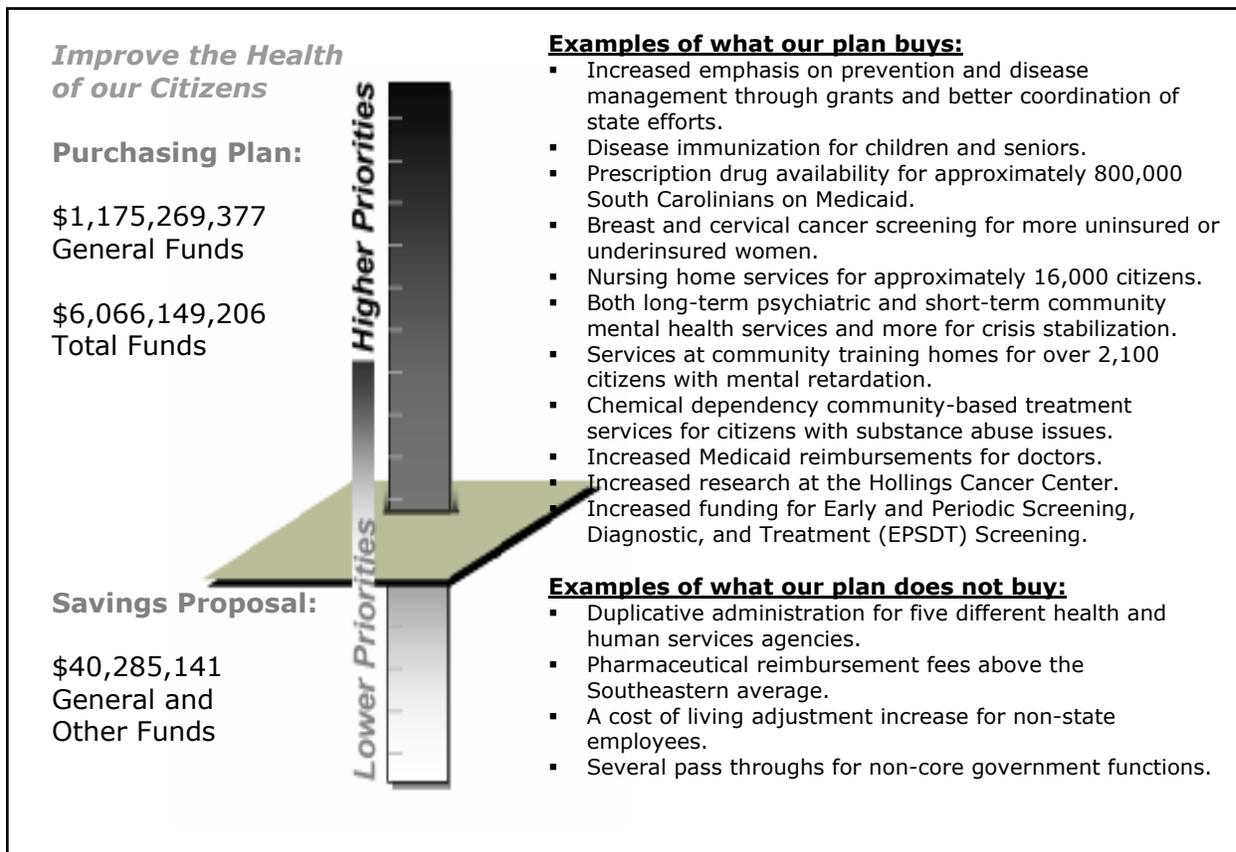
Prevent and manage disease. Many of the health care and societal costs associated with physical and behavioral disorders can be reduced through improved disease prevention and management programs. The health outcomes in South Carolina clearly demonstrate that we fall short in the area of prevention and management of disease. Cardiovascular disease, cancer, and diabetes are among the leading causes of death. In South Carolina, the total direct and indirect costs of hospitalizations and emergency room visits for diabetes alone were more than \$928 million in 2001. Some of these costs could be reduced through improved blood sugar control, control of elevated blood pressure and high cholesterol, and other disease management techniques. These costs can also be reduced by increasing the number of South Carolinians with an identified primary care physician or medical home.

Decrease health disparities. Disparities in health outcomes are a significant problem in South Carolina. The National Institute of Health has defined health disparities as "differences in the incidence, prevalence, mortality, and burden of diseases and other adverse health conditions that exist among specific population groups in the United States." The conditions that disproportionately affect minorities living in South Carolina are cancer, cardiovascular disease, diabetes, HIV/AIDS, immunizations, and infant mortality. The elimination of health disparities is not only a goal of this state, but one of two primary goals set by the nationally-recognized initiative Healthy People 2010.

Provide access to appropriate healthcare. Access to appropriate health care is necessary to increase the quality and years of healthy life. People with a regular source of health care are more likely to receive preventive health care services. A healthier population will be a more productive, economically independent one and will contribute more to the growth of our state.

**Governor’s Purchasing Plan – Highlights**

Our plan takes into account both the physical and fiscal health of our state. In our purchasing plan, we choose to fund or purchase those services we believe provide the most value and do not purchase some other items that are identified as of lower priority. The following table identifies key purchases within our Executive Budget’s total state health care spending plan as well as examples of what is not purchased. Detailed highlights of our purchasing plan are provided below the table.



**Our Plan Buys:**

***I. Increased emphasis on prevention and promoting healthy lifestyles***

We feel strongly about the need for an increased focus on preventing disease. Therefore, we propose to **add \$5 million in new funding for grants that support innovative ideas** that have proven successful or have the potential to reduce the amount of disability and disease and the related hospitalization and other health care costs.

A central prevention grants office within DHHS or its successor agency will administer the program. These grants can be awarded to government agencies, private foundations, and non-profit organizations, focusing on reinforcing successful ideas that measurably improve the health of our citizens. Some of the ideas funded may also qualify for federal matching funds, bringing additional dollars to our state for prevention.

In addition, we would like to see all prevention efforts currently funded through agencies such as DHEC, Clemson PSA, and South Carolina State PSA more effectively coordinated with this prevention office for better overall results. The idea is to focus more on results rather than process – better coordination of existing services and letting several different new approaches take root. Then we will evaluate and reinforce the ideas that bear success.

Our plan also recognizes the effective results of the following existing activities and proposes to buy:

**Greater Commitment to Chronic Disease Prevention.**

This activity focuses on promoting community, institutional, and environmental changes that will support sustainable lifestyle changes to reduce chronic diseases such as cancer, heart disease, and hypertension. Expected results include an increase, over time, in exercise among adolescents and adults in the state, an increase in cancer screenings and improvement in nutritional choices among our

**Partnering for Prevention**

South Carolina faces a disturbing reality – while the prevalence of cancer in South Carolina is lower than the national average, the death rate from cancer exceeds the national average. To reduce cancer and cancer deaths in our state, a partnership of doctors, hospitals, businesses, government officials, and patient advocates has formed the South Carolina Cancer Alliance.

This public-private collaborative is developing a five-year “Cancer Control Plan” that will recommend ways government entities can work with community organizations, health care providers, businesses, and individuals to reduce cancer in our state. Additionally, the alliance has gathered baseline data on the prevalence and death rates from 19 types of cancer. This data will assist the alliance in tracking the effectiveness of cancer prevention and treatment programs.

Another public-private partnership tackling serious healthcare problems in South Carolina is Communicare. Through volunteered time from physicians and nurse practitioners, donations from pharmaceutical companies, and administrative support from government entities, Communicare is providing free medical care and medications to over 12,000 uninsured South Carolinians. This program’s success has been nationally recognized on the PBS series “The Visionaries” and chosen by the United States Department of Health and Human Services as one of seven “Best Practice” programs in the country.

Rather than automatically starting new programs to address problems, government should first look to better support existing efforts that are making a difference. Our new funding for prevention partnership grants will fund similar cost-effective, data-driven, results-focused prevention and early detection efforts. Through such partnerships, we provide an opportunity to expand the reach of programs like the South Carolina Cancer Alliance and Communicare that are making significant improvements in the health of our citizens and to encourage the development of more such collaborative efforts.

state's population. We propose **to increase funding for this activity by \$68,956**, bringing the FY 2005-06 purchase amount to \$1,698,208 in general funds and \$7,588,465 in total funds. In FY 2004-05, DHEC received \$38.6 million in general funds and \$59.8 million in other funds for their county health programs. We would challenge DHEC through these county programs to use this funding to find innovative, productive ways to promote and positively influence behaviors that reduce risks for chronic diseases.

**Cancer Research and Treatment.** Our state will likely have over 17,000 new cancer cases diagnosed in the next year. In fact, statistics reveal that approximately one in two males and one in three females will be diagnosed with cancer at some point in their lives. We, therefore, propose devoting **an additional \$1 million** in research dollars to the Hollings Cancer Center at MUSC to help with their efforts to bring more research and treatment resources to our state. We are committed to assisting the Hollings Cancer Center in its efforts to secure accreditation with the National Cancer Institute as a Comprehensive Cancer Center.

**An Expansion of the Breast Cancer and Cervical Cancer Screening Program.** In October 2001, South Carolina extended Medicaid benefits to women who are diagnosed with breast or cervical cancer. To qualify under current standards, an individual must: Be under age 65, be screened by the Center for Disease Control screening entity (which is DHEC in South Carolina), be found to need treatment for either type of cancer, and be otherwise uninsured or underinsured. DHEC currently restricts screening to women between the ages of 47 and 65 who are below 200 percent of poverty. We propose to **increase funding for breast and cervical cancer screening by \$1 million** so DHEC can remove the age restriction and help more uninsured or underinsured women detect cancer early.

**Immunizations for Polio, Measles, and other Contagious Diseases.** Many serious childhood diseases are preventable through routine childhood vaccination. Diseases such as polio, whooping cough, and measles are easily spread through communities. Individuals who are not immunized increase the risk that they, and others in their community, will contact a contagious disease. The flu and pneumonia are among the leading causes of death in the senior population. Both are easily preventable through either an annual flu shot or a one-time pneumonia vaccine. To prevent disease, disability, and death from vaccine-preventable diseases and to avoid the exorbitant public health costs associated with these illnesses, **we propose to increase funding for this activity by \$56,571** amounting to \$4,363,146 in general funds and \$7,553,072 in total funds.

**Early and Periodic Screening, Diagnostic, and Treatment Services (EPSDT) for over 11,000 children.** EPSDT is Medicaid's comprehensive and preventative health program for individuals under the age of 21. It assures the availability and accessibility of required health care services and helps young Medicaid recipients and their parents or guardians effectively use these resources. We propose to **increase**

**funding for this activity by \$255,501** amounting to \$3,588,164 in general funds and \$12,865,335 in total funds.

**Funding for Maternal and Infant Health.** This funding seeks to improve the health and well being of children in the state with an emphasis on eliminating health disparities. Activities include family support services, newborn screening and home visits, medical home partnerships, family planning, and nutrition. This also addresses our goals of promoting healthy behaviors and improving access to comprehensive quality health care. This funding will help increase the percent of very low birth weight infants delivered in Level III hospitals, which is tied to reducing infant mortality. We propose to **increase funding for this activity by \$760,340**, amounting to \$3,874,694 in general funds and \$135,248,747 in total funds.

## ***II. Continued Efforts in Disease Management***

While we are increasing funding to prevention related activities, our state must still deal with the reality that we are among the unhealthiest populations in the United States and that this reality costs us every day – in terms of both dollars and lives. Our budget proposes to continue purchasing many activities that manage illness.

A significant portion of these activities are purchased through the state's Medicaid program. Growth in this program was held to less than six percent in FY 2003-04, and the program ended the year balanced for the first time in several years. The growth the program experienced was well below the national average for Medicaid programs and significantly below what the private insurance industry experienced. Because managing illness among the poor and disabled is so vitally important to our state, this budget proposes to significantly increase funding for these activities so that continued health care cost increases can be absorbed without services having to be reduced. Important activities include:

**Prescription Drugs Availability for more than 800,000 South Carolinians on Medicaid.** Today's pharmaceuticals are among the most advanced in history and produce noticeable results in terms of saving lives in emergency situations or during short-term illness, sustaining life in chronic or long term illness, or limiting the need for hospitalization. Medicaid's covered pharmacy services include the provision of most prescription and over-the-counter pharmaceuticals. Pharmacy utilization levels are growing in Medicaid just as they are in the State Health Plan and in other private insurance plans. **We propose to maintain current pharmacy benefit levels by increasing funding for this activity by \$15,756,014.**

**Increased physician reimbursement rates.** Ensuring provider participation in the Medicaid program is critical to managing illness among our state's citizens, and continued funding for physician, dental, lab, and other medical services is central to maintaining their willingness to continue serving this vulnerable population. We will increase the physician reimbursement rate from its current average of 77 percent of

Medicare in order to make our rate more competitive with other Southeastern states and ensure access to quality care for our Medicaid beneficiaries. To increase the physician reimbursement rate and keep up with inflation and a growing population, we will **increase funding for this activity by \$14,177,908**, amounting to \$81,193,888 in general funds and \$ 294,387,846 in total funds.

**Increased reimbursement rates for nursing homes.** As our population ages, South Carolina necessarily encounters the need to provide 24/7 skilled care for the elderly. We also must provide this care to younger citizens with disabilities whose care needs are so significant that they simply cannot remain in their own home. Currently, South Carolina's nursing home reimbursement rate lags behind our neighbors. To increase the reimbursement rate and continue the nursing, therapy, and personal care services more than 16,000 South Carolinians require, we propose to **increase funding by \$7,803,104** amounting to \$113,357,787 in general funds and \$380,437,068 in total funds.

**Clinic Services to over 190,000 South Carolinians.** While many private medical providers participate in the Medicaid program, a portion of Medicaid recipients are seen in Rural and Federally Qualified Health Centers. These centers provide primary medical care in underserved areas and are the backbone of our state's low-income health delivery system. Additionally, many Medicaid recipients have conditions such as kidney disease or HIV/AIDS that require specialized care in a clinical setting. Continued provision of these services is necessary if our state is to appropriately assist these individuals in managing their illness. To maintain this structure, we propose to **increase funding for this activity by \$2,142,878** amounting to \$24,835,798 in general funds and \$93,582,684 in total funds.

**Inpatient and Outpatient Hospital Care.** This activity is also vital to South Carolina's disease management efforts. Our prevention, pharmacy, medical professional, and clinic services seek to reduce Medicaid recipients' need for hospital care. Nevertheless, unforeseen circumstances arise, such as accidents, or illnesses become more severe and the best care can only be provided in a more specialized setting. We propose to **increase funding for Medicaid hospital services by \$13,558,855** amounting to \$172,548,344 in general funds and \$668,232,791 in total funds to ensure that our fellow citizens who require this high-level care continue to receive the help they need.

**Hospice Care for over 600 South Carolinians in need.** Hospice care is provided to eligible Medicaid recipients who have been certified as being terminally ill. A person is considered to be terminally ill if the individual has a medical prognosis that his/her life expectancy is six (6) months or less if the disease runs its normal course. Services provided include nursing, medical social services, physician services, counseling, medical appliances including drugs and biologicals, and aide, homemakers and therapy services. We propose to **increase funding for this valuable service by \$103,318** amounting to \$1,452,525 in general funds and \$5,324,997 in total funds.

**Reimbursements for Medical Professional Services.** This activity reimburses optometrists, podiatrists, audiologists, chiropractors, speech therapists, and occupational therapists participating in the Medicaid program. To ensure Medicaid-eligible persons have access to services, we propose to **increase funding for this activity by \$376,178, amounting** to \$5,069,888 in general funds and \$18,455,255 in total funds.

**Options for Medicaid Coverage for enrolled beneficiaries in South Carolina.** The state reimburses the Managed Care Organizations an actuarially sound, capitated reimbursement rate for enrolled members. Managed Care Organizations will generally provide a coordinated system of primary care aimed at establishing beneficiaries in a medical home. Additionally, they provide other health services such as health education and home visits. For this service, we propose to **increase funding by \$1,736,148** amounting to \$18,629,308 in general funds and \$68,761,775 in total funds.

**Protection for South Carolinians' drinking water.** This program ensures a comprehensive approach to public drinking water protection and prevention of water-borne diseases through permitting, inspections, sampling, public education and response to complaints and emergencies related to public water systems. We propose to **maintain current funding at \$2,433,230** in general funds and \$10,965,694 in total funds.

### ***III. Mental Health Services, Developmental Disability Services and Substance-Abuse Treatment***

In the last 40 years, we have seen a focus on deinstitutionalization of individuals with mental illness or developmental delays. Our healthcare system has embraced the concept that individuals function best when in the least restrictive, most home-like setting possible. With appropriate community support, many individuals who would have been institutionalized due to mental illness or developmental disabilities are now able to live with their families, in supported apartments and in community training homes.

Unfortunately, other individuals who would have been provided shelter, food, and medical care in an institution have “fallen through the cracks” and are receiving no care. For instance, it is estimated that over one-third of homeless individuals in the United States have a mental illness. Other individuals with a mental illness or developmental delay are arrested and often incarcerated for behaviors related to their disability. In these instances, the costs of caring for these individuals are shifted to our correctional system, to private hospitals with psychiatric units, and to our emergency rooms. These solutions are inappropriate from both a clinical and fiscal perspective. Therefore, it is important for the well-being of our state and its citizens that the needs of the mentally ill and developmentally delayed are adequately met through an array of service options.

Currently, in South Carolina, the Departments of Mental Health (DMH) and Developmental Disabilities and Special Needs (DDSN) are struggling in their efforts to meet the needs of our citizens in a cost-effective manner. While we believe reorganization of our healthcare system would improve this situation, this administration will support these departments through the following increased funding:

**Supporting Community Training Homes for over 2,100 mentally retarded citizens.** Community training homes offer the mentally challenged the opportunity to live in a homelike environment under the supervision of qualified trained caregivers. We propose to **provide \$2,311,828 in additional funding to help reduce the waiting list for this activity**, amounting to \$5,644,606 in general funds and \$101,870,532 in total funds.

**Long Term Inpatient Psychological Services for 300 adult consumers** whose conditions are of such severity that they are not able to be treated in the community and are not expected to return to the community. Services for these individuals are provided by a multidisciplinary team in a hospital setting. We propose to **increase recurring funding for this activity by \$169,535** amounting to \$9,684,928 in general funds and \$16,082,765 in total funds.

**Inpatient Psychiatric Services for over 400 children** to help them deal with their serious psychological challenges. These services are delivered in a hospital setting for children whose conditions are of such severity that they can not be treated in the community. Services are also provided to youth in the custody of the Department of Juvenile Justice who have a diagnosis of mental illness and who may not reside in the community. We propose to **increase recurring funding for this activity by \$123,298** amounting to \$8,933,580 in general funds and \$14,038,387 in total funds.

**Traditional Community Mental Health Services** provided through seventeen community mental health centers. A variety of services is provided through the centers including assessment, short-term outpatient treatment, medication monitoring, and continued support services to maintain a client in the community (and out of a hospital). Services are provided in a variety of settings including schools, clinic settings, and families' homes. We propose to **increase recurring funding** for this activity by **\$1,387,103** amounting to \$62,972,629 in general funds and \$155,929,414 in total funds.

**Crisis Stabilization** is a service that evaluates and treats individuals in crisis, thereby diverting them from the emergency room. This is very important due to the negative impact emergency room utilization by mental health patients has upon the functioning of that setting. We propose to **increase recurring funding** for this activity by **\$3,000,000** amounting to \$11,941,383 in general funds and \$17,720,543 in total funds. The need for mental health and substance abuse treatment is closely linked as many individuals with mental illness abuse alcohol and other drugs. The rate of concurrence of substance abuse and mental illness is extremely high. Furthermore, individuals who abuse substances are likely to neglect their health and have numerous

co-occurring physical complaints. To meet the needs of this population, we propose the following support:

**Chemical Dependency Community-Based Treatment Services.** Services for individuals with chemical dependency range from locally available outpatient treatment to higher levels of specialized treatment such as detoxification, adolescent inpatient services and residential services. We propose to **increase funding by \$757,392**, amounting to \$6,002,156 in general funds and \$22,144,923 in total funds.

**Our Plan Saves by:**

**Restructuring Our Health and Human Services Agencies.** In the budget section “Fix the Structure,” we laid out our plans for consolidating five health services agencies, which answer to four different authorities, into two agencies, each more directly accountable to the Governor and ultimately to the citizens of South Carolina. It is our expectation that savings from creating an efficient health and human services delivery system will yield at least **\$13 million in general fund savings in the first fiscal year.**

**Reducing General Funds Needs by Increasing Rates of Collection.** With regard to the Department of Mental Health, the Legislative Audit Council reports that by increasing their rate of collections by ten percent, DMH would retrieve an additional **\$840,000** it is owed for services rendered. This can be done by verifying income for reduced fee patients, using Setoff Debt and GEAR programs, and having community mental health centers utilize the lien process against estates.

With regard to the Department of Health and Environmental Control, currently DHEC health districts report \$1.8 million in funds they are owed for services rendered. By increasing DHEC’s collections by 10 percent as recommended by the Legislative Audit Council report of February 2003, we can collect at least **\$180,000**. Actions for this include verifying income for reduced fee patients, implementing a uniform billing and collection policy for health districts, and participating in the Department of Revenue’s programs for debt collection in health service programs.

**Using a more accurate, market-based benchmark to determine Medicaid pharmaceutical reimbursements,** and shifting the resulting savings toward increasing physician and nursing home reimbursement rates. South Carolina has an unsettling inconsistency in the way it pays Medicaid providers in different sectors of our health care community. Currently, our state physician and nursing home reimbursement lag behind the average for our region, which makes it more difficult to maintain access for our Medicaid beneficiaries. Meanwhile, the pharmacy ingredient portion of the reimbursement rate we pay for Medicaid prescription drugs [Average Wholesale Price (AWP) minus ten (10) percent] is among the highest in the Southeast. Florida’s rate is AWP – 15.4 percent. Tennessee’s rate is AWP – 13 percent, while

Louisiana pays independent pharmacies AWP-13.5 percent and chain pharmacies AWP-15 percent. Seventeen of 43 states responding to a 2003 survey by the United States Department of Health and Human Services' Office of the Inspector General (OIG) had recently reduced their Medicaid reimbursement formulas for prescription drugs. Yet South Carolina has persisted in using the AWP – ten percent standard, at significant cost to the taxpayers.

In addition, there is a problem with the AWP formula itself, which is the source of increasing debate nationally about Medicaid pharmacy reimbursement. A December 2004 Congressional Budget Office report stated that “States reimburse pharmacies using formulas that are typically based on the average wholesale price of a drug, which (like the sticker price on a car) is a published price that few purchasers actually pay .... By relying on list prices, Medicaid’s reimbursement formulas lead to large markups on drugs that have large differences between their list price and the price that the pharmacy actually pays.”

An OIG study released in the Fall of 2004 agrees, finding that, by using the AWP system, Medicaid agencies are significantly overpaying for prescription drugs. It found that “... States rely on estimated acquisition costs, usual and customary charges, and maximum allowable costs as proxies for pharmacies’ acquisition cost. These proxies are deficient because they are not necessarily linked to the prices at which pharmacies purchase drugs.”

**Coordinating Our Services from the Patient’s Point-of-View**

A problem that has plagued South Carolina’s health delivery system for decades is summed up by the old maxim about “the right hand not knowing what the left hand was doing.” State health agencies often do not coordinate with other agencies serving the same person. Worse still, these agencies do not always know that another agency is involved. In some cases, as many as five agencies have been involved with the exact same person. This needless duplication and lack of coordination of services is confusing to the recipient and costly to the state.

To help alleviate this problem, our office has spearheaded an effort between DHHS and the Office of Research and Statistics to develop the Client Management System, a state-of-the-art, web-based case management tool. The state’s health and human service agencies have participated in the development of this system, which should allow them to better coordinate services when it is implemented early in 2005.

The vast amount of data fed into this tracking tool will also allow users to mine state statistics from a variety of angles. The system can drill down to zip code level data and, therefore, provide the precise information agencies need to make local, data-driven, outcomes-based decisions on services and programs.

While this improvement does not alleviate the urgent need to substantially restructure our health services delivery system, it does offer the opportunity to make our services a bit less confusing for the clients and more cost-effective for the taxpayer.

The OIG report found that the difference between the AWP and pharmacists' actual cost for drugs varies widely based on the type of drug. Specifically, the OIG's report found that, for single-source brand name drugs, pharmacies purchased the drugs at an estimated AWP-17.2 percent and, for generics, pharmacies purchased the drugs at an estimated AWP-72.1 percent. The report suggested that other methods might be more suitable for determining reimbursements. It found that, "... average manufacturer price data may represent the most accurate drug pricing data available to CMS [Center for Medicaid Services]" and recommended "that CMS review the current reimbursement methodology, work with States to find a method that more accurately estimates pharmacy acquisition cost, and initiate a review of Federal Medicaid rebates."

This report is being taken seriously in Washington, D.C. The *New York Times* reported as recently as Monday, December 20, 2004, that the Bush Administration is actively discussing with members of Congress the need for a change in the way Medicaid reimburses for drugs, possibly basing reimbursement on average retail prices, not AWP.

Regardless of the reimbursement methodology used, we believe that our state Medicaid agency should thoroughly analyze the current reimbursement structure and move to a structure that, at least, is more in line with the rates paid by other state Medicaid programs in the region and, at best, is more reflective of the actual costs incurred by pharmacists, even if that means different rate structures for independent and chain pharmacies. In doing so, the agency estimates that **it would save ten percent of the total state funds expended in this area, amounting to savings of \$16,469,779**, which will enable us to increase physician and nursing home reimbursement rates.

**Implementing High-Cost/High-Risk Recipient Management program.** Medicaid claims data reveals that roughly five percent of Medicaid recipients (about 40,000 people) account for 55 percent in claims expenditures annually. Most of these recipients have multiple chronic debilitating illnesses. DHHS will competitively procure a vendor to provide individualized, coordinated health services for this population. This care will augment services already provided by the recipient's primary physician. This tailored treatment service system is expected to improve the quality of life for these medically-complex individuals, reduce unnecessary hospitalizations and **save the state approximately \$1,000,000.**

**Implementing a High-Risk Prenatal Management Program** to target pregnant women at risk for poor birth outcomes with appropriate prenatal care interventions. DHHS is developing a Request for Proposals for a vendor to work toward early identification of women who are at risk of having a low birth weight or premature baby. The vendor will then work with these mothers through educational and preventive interventions to enhance the likelihood of a healthy delivery. DHHS pays for about 50 percent of baby deliveries in South Carolina and, of these costs, 75 percent are related to low birth weight or premature deliveries. Prenatal management is expected to **save taxpayers approximately \$1,000,000** and lead to healthier children in our state.

**Enhance pharmaceutical fraud and abuse detection.** DHHS has determined a way of identifying recipients and providers who may be involved in abusive/fraudulent billing. By cross-referencing cases of potential abuse by different recipients with data on who their providers were, we can then analyze the providers' claims for practice patterns that appear outside the norm for certain drugs subject to abuse. Curtailing abusive billing procedures should yield **\$500,000 in savings**.

***Making Tough Choices:***

Given the state's finite amount of resources, we had to make some difficult choices regarding which activities to fund or not fund. While the activities listed below may well have merit, when comparing them with other activities, we did not think their anticipated outcome would be as effective in achieving our goal. The following reflects some of those difficult choices:

**Redirect a scheduled pay increase for non-state employees to increasing access at Community Training Centers.** The Department of Disabilities and Special Needs has used contract workers at several local facilities. The idea was to provide more cost-effective services. However, these workers have been automatically receiving the same COLAs as state workers, defeating the purpose of contracting the work in the first place. We believe that rather than continuing this automatic increase, taxpayers are better served by **redirecting \$2,311,828** toward increasing access to DDSN's Community Training Homes. Proposals for COLAs for contract workers are better left as an important part of future contract negotiations.

**Divert pass through funds from Kids Count to the Prevention Grants Program.** While designated as Kids Count, these funds in reality are a pass through to the South Carolina Campaign to Prevent Teen Pregnancy. The state government already has an extensive program focusing on family planning as well as its comprehensive maternal and infant health program (currently residing in DHEC). We propose **diverting \$42,058** in funding from the automatic pass through for Kids Count to the Prevention Grants Program. The South Carolina Campaign to Prevent Teen Pregnancy and other worthy groups can then apply for funding.

**Making contributions to the Special Olympics Program voluntary.** Special Olympics is a grassroots movement that provides year-round sports training and athletic competition to children and adults with intellectual disabilities through more than 200 Programs in 150 countries around the world. Special Olympics chapters are not-for-profit organizations funded primarily through individual and corporate contributions. The Special Olympics organizations have a significant independent fundraising apparatus. We propose the program in South Carolina be self-funded **saving taxpayers \$174,175**. Voluntary donations, in lieu of compulsory taxpayer funding, are to be admired and encouraged.

**Eliminating Pass Through Funds for Family Health Centers.** We believe that state health care funds should be allocated in a logical, coordinated fashion. Funding

for the family health centers are the product of provisos in the 1989 Appropriations Act and the 2001 Appropriations Act. The administration, while not necessarily agreeing with the method, understands the reason the General Assembly may have felt it necessary to bypass existing agencies and directly fund selected family health centers. We are confident that the new government structure for health and human services will be more efficient, accountable, and fully capable of making informed decisions on which family health centers will be the best partners. As these family health centers will be eligible to compete for funds from our new prevention grants, we are **reducing expenditures by \$620,341** for this activity.

**Diverting Student Development and Diversity Program funds.** The stated purpose of this Area Health Education Consortium program is to encourage minority students to choose careers in the health care profession. Our administration shares AHEC's hope that more minorities will enter the health care field, but respectfully questions why there must be a special state government funded program specifically for this profession, as opposed to the law, teaching, engineering, the military, or other noble pursuits. We propose **diverting \$471,096** from this program to the prevention grant program which can have a bigger potential impact on reducing racial health disparities. We believe that families, schools, churches, and/or other interested adults can find the time to make students aware of their career choices.

**Remove the Library Information Service from state funding.** The Area Health Education Consortium provides a web-based library information service to South Carolina AHEC faculty, residents, students, preceptors, and affiliated health care providers. The service provides on-line retrieval of medical literature, document delivery, and conducts on-site training to allow users to access medical information electronically. The administration believes this to be a good but not unique service; health care providers can retrieve relevant information through the two medical school libraries, or elsewhere on the internet, **saving the state \$118,933**.

*Please see the Appendices for a complete listing of the Governor's Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

# Improve Protections and Well-being for Children and Adults

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## Improve Protections and Well-being for our Children and Adults

South Carolinians expect state government to ensure the safety of our most vulnerable citizens and make available basic living needs for our state's children, seniors, adults with disabilities, and low-income citizens. Protecting them from physical harm, providing opportunities for self-sufficiency, and improving their economic status are core functions of state government that will lead to a better quality of life for our citizens, fuel our economy, and lower costs to society.

The more successful our state is at improving basic problems – like reducing child poverty, finding permanent homes for foster children, decreasing rates of child abuse and neglect, improving conditions for safe and stable living environments for our seniors and adults with disabilities, and improving rates of self-sufficiency among our low-income citizens – the more improvements we will see in employment rates, educational performance, and health status. By ensuring safe and stable living environments for our children and vulnerable adults, we can directly impact their quality of life and increase their chances for a productive future. By making basic resources available to individuals with little means, we can help them help themselves achieve a better quality of life. All of these outcomes can directly benefit our children and vulnerable adults and indirectly benefit our taxpayers and the state as a whole.

Governor Sanford's Goals for **Improving Protections and Well-being for our Children and Adults** are to:

- ✓ Improve conditions for permanent, stable, and safe living environments.
- ✓ Increase opportunities for self-sufficiency and economic independence.
- ✓ Raise the economic status of individuals living below the poverty line.

### Developing our Purchasing Priorities

In order to develop our purchasing priorities, we first looked at the major indicators of success to determine whether state government is currently reaching its goal to protect the safety and well-being of children, vulnerable adults, and needy families. While South Carolina is making progress, there are many areas that need improvement. This section identifies the measures that help explain whether our state is or is not achieving our goal.

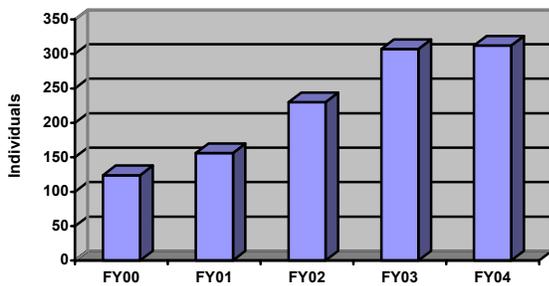
#### *Where we are succeeding*

South Carolina is meeting some goals to ensure the safety of our children, adults with disabilities and seniors. With regard to children, from 1999 to 2002 the number of

intentional child fatalities has decreased 38 percent from 53 to 33 total deaths. The number of substantiated cases of child abuse and neglect has decreased between the years 2000 and 2002 by less than one percent. The number of children who are re-abused after the state returns them to the home is 3.38 percent, which is significantly lower than the national standard of 6.1 percent. With regard to seniors, the rate of recurring abuse and neglect, self-neglect, and exploitation of seniors living at home is 3.21 percent, which is significantly lower than the state standard of 6.1 percent.

South Carolina is also meeting some of its goals to increase opportunities for self-sufficiency among low-income families and adults with disabilities by providing basic needs. An average of 202,946 households received food stamps last fiscal year, and more than \$491 million in food stamp benefits were issued. Efforts to maximize the eligible persons receiving food stamps in South Carolina have been very effective – approximately 86 percent of South Carolinians in poverty are receiving food stamps. Child support distributed collections have steadily increased since 1997 from \$142 million to \$244 million collected in 2003. Availability of affordable housing has improved since the State Housing and Finance

VOCATIONAL REHABILITATION  
COMPETITIVE PLACEMENTS FOR VISUALLY IMPAIRED

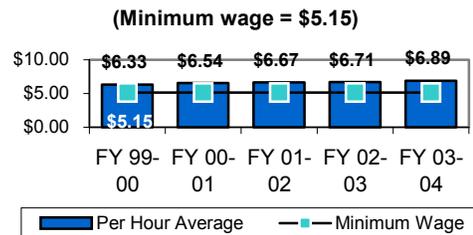


Authority has implemented several new programs. The Authority has re-introduced the Single Parent Program, making it possible to keep children in safe and affordable housing. It has also strengthened and streamlined relationships with private sector companies through the Broker Partnership Program, which has provided 400 loans for over \$37 million in single family housing. The number of South Carolinians leaving state assistance and remaining off assistance for at least one year due to employment has slightly increased

between 2000 and 2003 by an average of about two percent. From 2000 to 2003, the rate of adults with disabilities that were served and achieved employment outcomes steadily increased to over ten percent. Competitive employment placements of blind and visually impaired individuals increased by 26 percent in FY 2002-03.

By finding ways to move as many current resources as possible out of bureaucratic uses and on to the end users of services, the Department of Social Services recently directed funds to the Temporary Assistance to Needy Families (TANF) program, which had not been adjusted for cost of living in 17 years. TANF provides a stipend to the state's poorest children and to clients to help them live as they train and transition into employment. As the agency lost state dollars over recent years, more

Average TANF Wages per Hour

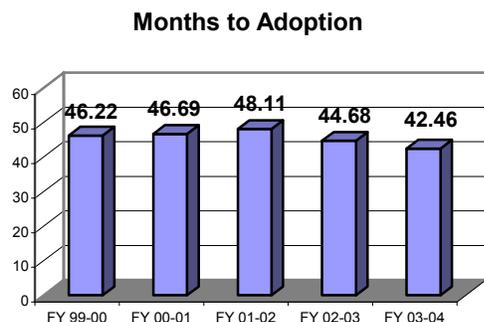


and more of the TANF block grant became tied up in sustaining essential functions of the agency, mainly child welfare. By partnering with the State Department of Education to help certify public expenditures and maximizing the matching power of remaining state dollars in the agency, DSS was able to free up over \$7 million, which is now being used to increase TANF stipends an average of \$36 per family per month, bringing South Carolina up to the Southeastern average.

**Opportunities for Improvement**

There are still many opportunities for improvement in a number of measures of success that can advance our goals. To reduce poverty levels in South Carolina, the state can provide adequate benefits and job training to low-income citizens to help them find or maintain employment. In 2003, South Carolina ranked 13<sup>th</sup> in the country of persons living below the poverty line, at a poverty rate of 14.1 percent, which is higher than the national average of 12.7 percent. The percent of South Carolina’s children under age 18 living below the poverty line is 18.7 percent, which is higher than the national average of 17.7 percent; however, child poverty in South Carolina has significantly decreased since 1990. The percent of South Carolinians age 65 and older living below the poverty line is 12.1 percent, which is higher than the national average of 9.8 percent. However, the state has slowly decreased its poverty rate – in 2000, South Carolina ranked 11<sup>th</sup> in the country, 15<sup>th</sup> in 2001, and 13<sup>th</sup> in 2002.

To maintain a stable and safe environment for our displaced children, the state can keep them safe in foster homes and increase their placement rate in permanent homes. During its most recent review of the state’s child welfare system, the Administration on Children and Families found that South Carolina was not meeting its objective to reduce



the number of foster care placements of a child to not more than two per year. The number of children leaving foster care for permanent homes has also been lower in recent years than in earlier years. In 2003, 64.2 percent of children left foster care for a permanent home compared to 66.7 percent in 1999. However, last year our administration recognized an opportunity to improve the adoption rate of foster children by restoring full funding of adoption incentives to \$1,500 per child to help parents pay for legal and

other costs associated with adopting a child. We again propose to maintain funding for this incentive in this budget so that we can continue to help improve the adoption rates for South Carolina’s foster children. South Carolina has significantly increased the number of children that have been legally freed for adoption and the number of termination of parental rights cases accomplished. However, on average, a child spends four years in foster care before being adopted. In 2003, 18 percent of children in foster care were adopted within 24 months of entering care, which is well below the national standard of 32 percent.

**IMPROVE PROTECTIONS AND WELL-BEING FOR OUR CHILDREN AND ADULTS**

To ensure that our seniors have the necessary supports to enjoy healthy and independent lives, the state provides basic needs like meals, transportation, and home care. There are 485,333 persons age 65 and older living in South Carolina. Out of 33,849 seniors served in FY 2002-03, 3,970 were on waiting lists for meals, transportation, and home care. The waiting list numbers have remained steady over the past six years for each service. To ensure that our seniors and adults with disabilities are protected from abuse and neglect in nursing homes and other institutional settings, the state must ensure timely and effective interventions. In 2003, the state investigated 1,305 complaints of abuse, neglect, and exploitation in over 1,400 long term care facilities. This represents nearly a 50 percent increase in complaints over a four year period. We recognize the need to improve safety conditions for our vulnerable adults and seniors especially as the volume of complaints has increased and the state entity to serve them, the Office of Aging's Long Term Care Ombudsman Division, has never been funded by the state. As such, we propose funding this division for the first time in our budget.

<b>Abuse, Neglect and Exploitation Complaints by Vulnerable Adults</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Abuse	995	822	643	566
Neglect	223	185	171	111
Exploitation	87	56	85	53
Total ANE Complaints	1,305	1,063	899	730
Other Complaints	3,934	3,776	3,892	3,400
Grand Total	5,239	4,839	4,791	4,130

**Purchasing Priorities**

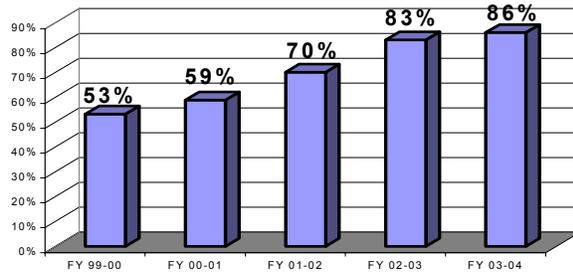
Our purchasing plan has been developed by prioritizing activities using proven or promising strategies that achieve the best results for our goal. The key strategies we identified are as follows:

Increase opportunities for employment by providing necessary supports. In order to improve the economic status and self-sufficiency levels of our state's low-income citizens and adults with disabilities, we can increase opportunities for employment by providing employment training to develop job skills; accessible and affordable child care to provide flexibility to leave the home; transportation services to give access to work; daily living assistance; and assistive devices to provide supports to do work. These services have proven to lead to successful job placement results.

Increase opportunities for self-sufficient living by providing necessary supports. For adults with disabilities and senior citizens, adequate supports such as homemakers, personal care aides, the Meals on Wheels program, and transportation can prevent or delay nursing home institutionalization. Maximizing living choices for adults and seniors, especially if they choose to stay in their own homes or be cared for by family as long as possible respects their living choice and reduces the long-term reliance on state support. Providing adequate food and nutrition to needy families and individuals can improve their ability to be healthy and self-sufficient. According to the Center for

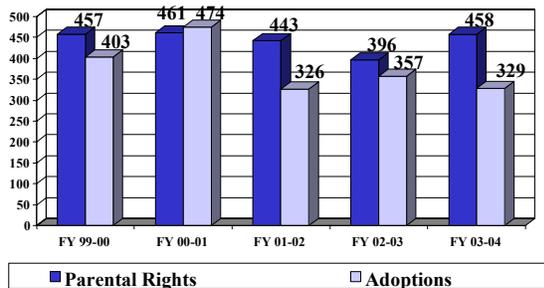
Hunger and Poverty, inadequate nutrition is a major cause of impaired cognitive development, and is linked to increased educational failure among impoverished children. The primary factor associated with poor nutritional status is poverty. Food benefits are the first line of defense in ensuring that low-income families receive adequate nutrition.

Individuals in Poverty in South Carolina Receiving Food Stamps



Ensure timely and effective interventions when safety is compromised in the home or facility environment. The behavioral consequences of child abuse and neglect are profound – these children are more likely to experience delinquency, teen pregnancy, low academic achievement, drug use, and mental health problems. To reduce harm to society in the long term, children need to be protected from the effects of abuse and neglect through early intervention. For adults and seniors, timely and effective interventions will help prevent recurring abuse and improve the quality of care for residents in long-term care facilities.

Children Legally Free & Adopted



Note: A decline in the finalized adoptions for FY 03-04 may be explained by families waiting until July 2004 (FY 04-05) to take advantage of the increase in one-time adoption subsidy from \$250 to \$1500.

Find permanent homes for foster children and reduce the time for them to be adopted. Increasing the number of children living in permanent and stable home environments at the earliest age possible, whether with his or her biological family, relatives, or an adoptive family leads to better educational outcomes and increases the likelihood that a child will become a successful and productive adult. Another long-term consequence of children aging out of the foster care system with no permanent family is the high incidence of

homelessness among former foster youth. Permanency can also avoid the harmful emotional and behavioral effects suffered by young children in prolonged foster care with sometimes multiple foster home placements.

Increase child support collections. Increases in child support enforcement can decrease child poverty. According to a 2002 study in *Child Trends*, child support lifted about a half million children out of poverty. Children in poverty are more likely to suffer poor health, die during childhood, be developmentally delayed, repeat a grade, drop out of high school, become pregnant during adolescence, and are less likely to be employed after high school. South Carolina’s child poverty rate has been declining since 1990 as child support distributed collections have increased in the past four years. Continuing to invest in child support enforcement can help reduce child poverty, which can help end the cycle of bad outcomes.

**IMPROVE PROTECTIONS AND WELL-BEING FOR OUR CHILDREN AND ADULTS**

**Governor’s Purchasing Plan – Highlights**

We address our state’s fiscal problems by purchasing only those human services most needed by citizens. We do not purchase some services that, while still considered valuable, have been identified as lower priority. The following table identifies key purchases within our budget’s total human resources spending plan as well as examples of what is not purchased. Detailed highlights of our purchasing plan are provided below the table.

<p><i>Improve Protections and Well-being for our Children and Adults</i></p>		<p><b>Examples of what our plan buys:</b></p>
<p><b>Purchasing Plan:</b>                  \$109,363,242                  General Funds                    \$1,235,857,227                  Total Funds</p>		<ul style="list-style-type: none"> <li>▪ Child protective services for more than 17,000 children and adult protective services for more than 6,000 vulnerable adults.</li> <li>▪ Foster care services for nearly 5,000 children who could not be kept safely in their homes.</li> <li>▪ Food benefits for 611,000 low income families and individuals.</li> <li>▪ Meals, transportation, and home care to 33,849 seniors.</li> <li>▪ Job placement services to over 16,000 eligible adults with disabilities and over 400 eligible blind and visually-impaired individuals.</li> <li>▪ Investigative services to residents in over 1,400 long term care facilities.</li> </ul>
<p><b>Savings Proposal:</b>                  \$1,626,756                  General and                  Other Funds</p>	<p><b>Examples of what our plan does not buy:</b></p>	
		<ul style="list-style-type: none"> <li>▪ Salary supplements for non-state employee local providers of senior services.</li> <li>▪ Duplicative administration for agencies with similar missions.</li> <li>▪ Broadcast fees for Radio Reading program.</li> <li>▪ Pass through funding to support one trainer at the McCormick Intergenerational Center.</li> </ul>

**Our Plan Buys:**

We have purchased activities based on how well they achieve our stated goal. With regard to activities performed by the Department of Social Services, a number of activities that we identified as higher priority were cut as a result of unrealized restructuring savings or were funded with over \$6 million of non-recurring “Maybank Money.” Because these activities are essential to achieving our goal to protect children and adults and to provide food and employment services, we propose to restore many of these cuts with recurring state dollars for many of the activities listed below.

**Child Protective Services for over 17,000 children** when child abuse or neglect was suspected. CPS workers investigated 18,000 reports of child abuse and neglect in

FY 2003-04. When abuse is confirmed, treatment services are provided to the family, allowing the child to remain in the home when possible. These services protect the children and prevent them from being removed from their families. We propose to **increase recurring funding** for this activity by **\$670,957** amounting to \$3,681,021 in general funds and \$25,992,351 in total funds.

**Foster Care Services for nearly 5,000 children** who have been abused or neglected and are no longer able to safely stay with their families and are taken into the custody of the state. Foster care is the temporary placement of a child with a licensed foster family or group home. Foster care workers monitor the children in the foster or group home and arrange needed medical, educational, vocational, social, treatment, and rehabilitative services. Foster care workers also identify needed services for the birth family if reunification is the plan. These services protect the child and provide them with a temporary home environment. We propose to **increase recurring funding** for this activity by **\$877,960** amounting to \$6,548,475 in general funds and \$36,845,337 in total funds.

**Adoption Services for nearly 1,500 children** with a plan of adoption to find safe, loving, and stable families for foster children, which includes recruiting parents, performing or contracting for home studies, placing children in families, and stabilizing placements after the adoption. We propose to **increase recurring funding** for this activity by **\$371,927**, amounting to \$2,157,140 in general funds and \$10,361,766 in total funds.

**Adoption Incentives of up to \$1,500 per child** to families to cover part of the legal costs to adopt a child. We restored this incentive last year to help further our goal of finding permanent, stable homes for our state's 1,500 foster children with a plan for adoption. We propose to **maintain current funding** at **\$750,000** for this activity amounting to \$1,500,000 in total funds.

**Foster Care Treatment for 1,527 emotionally disturbed children** through the Interagency System of Care for Emotionally Disturbed Children (ISCEDC), which funds services for children in the Department of Social Services custody who need therapeutic care. ISCEDC provides interagency planning for the needs of emotionally disturbed children to ensure that they are placed in the most appropriate level of care and are institutionalized only when necessary. Since all of the children in ISCEDC have mental illness diagnoses, the Department of Mental Health has statutory funding responsibilities for these children, as does the Department of Disabilities and Special Needs and the Department of Juvenile Justice. We propose to **fund this activity by proviso** at **\$7,000,000** by requiring the agencies that are statutorily responsible for paying for these therapeutic services to contribute their fair share. We also propose to **increase a portion of recurring funding** for this activity by **\$483,299** in general funds.

**Vocational Rehabilitation Services to more than 16,000 persons with disabilities.** This activity provides assessment, counseling, guidance, and placement services as well as academic training, assistive technology, mobility and transportation, and retention services to eligible adults with disabilities to prepare for, achieve and maintain competitive employment. Successfully employed clients become taxpaying members of the workforce rather than relying on Social Security disability benefits, Medicaid, and other public assistance. The cost of their rehabilitation is paid back through their taxes in an average of 5.4 years. We propose using administrative savings derived from restructuring the Vocational Rehabilitation Department and the Commission for the Blind to **increase recurring funding** for this activity by **\$992,661** amounting to \$9,164,133 in general funds and \$36,689,947 in total funds.

**Temporary Assistance to over 18,000 needy families per month.** This program provides assistance to needy families with children and provides parents or caretaker relatives with job preparation, work experience, job placement, and support services to enable them to leave the program and become self-reliant. This activity assisted clients in finding over 11,000 jobs last fiscal year. We propose to **increase recurring funding** for this activity by **\$2,363,603**, amounting to \$17,554,362 in general funds and \$89,134,489 in total funds.

**Rehabilitation Services for over 400 eligible blind and visually impaired individuals.** Vocational rehabilitation services led 312 blind and visually impaired citizens to competitive job placements in FY 2003-04. We propose to **increase recurring funding** for this activity by **\$50,000** amounting to \$331,708 in general funds and \$3,241,877 in total funds.

***Effectively Managing Resources***

Until 2003, the Department of Social Services divisions and programs operated independently with ineffective communications and resource-sharing. In September 2003, we established the MAP Commission, which conducted an in-depth review of DSS and helped the agency restructure to provide more effective service delivery systems, which have been achieved by:

- Reducing the number of deputy directors from five to three, resulting in two operation divisions.
- Consolidating four regional programs that had overlapping offices and inconsistent structures, allowing managers to share resources and improve communications among programs.
- Reorganizing county-level administrative, legal, and business functions by judicial circuit – resulting in less overlap of support functions and better service coordination.
- Creating a new division for strategic planning and quality assurance, which helps direct program functions so that agency resources are used more effectively.

Using common sense cost-saving approaches, the agency has realized savings without affecting service delivery. In FY 2003-04:

- Travel expenses were reduced by \$2.47 million by restricting travel, requiring employees to share hotel rooms, using state cars more efficiently, and returning non-essential cars to the state motor pool.
- Communication expenses were reduced by more than \$480,000 by cutting non-essential cell phones and pagers, duplicative fax machines, and unnecessary phone lines.
- State and regional office space was consolidated, allowing the cancellation of \$750,000 annually in lease contracts.

**Food Stamps and other food programs to more than 611,000 South Carolinians.** Food stamps are cash benefits paid out to low-income families and individuals through the use of debit cards. For those who qualify, the Food Stamp program must provide work-related activities that will lead to employment and decrease dependency. The provision of funding to pay for food helps safeguard the health and well-being of the state's population. South Carolina had the lowest error rate in the nation, which means only people who truly qualified for assistance received it. We propose to **increase recurring funding** for this activity by **\$3,163,875**, amounting to \$10,974,739 in general funds and \$555,242,185 in total funds.

**Child Support Enforcement for more than 180,000 children** receiving support from a non-custodial parent. Child Support Enforcement establishes paternity for children born out of wedlock, establishes and enforces orders for child support, and collects and distributes the support. Support collected from non-custodial parents totaled \$244 million in FY 2002-03. In actual performance, for every \$1 spent in child support activities, the return on that investment equals \$6.30. We propose to **increase recurring funding** for this activity by **\$1,217,936** amounting to \$5,088,074 in general funds and \$38,104,484 in total funds. We also propose **one-time funding of \$11,500,000** from the Capital Reserve Fund to cover costs of continued development of the statewide automated child support enforcement computer system and to pay for federal penalties incurred due to the delay in implementing the system.

**Adult Protective Services for 6,000 vulnerable adults** living in a non-institutional setting. This service identifies and corrects conditions of actual or potential abuse, neglect, or exploitation of persons eighteen years of age or older who are disabled or incapacitated. We propose to **increase recurring funding** for this activity by **\$490,739**, amounting to \$2,295,150 in general funds and \$9,223,441 in total funds.

**Investigative Services for residents in over 1,400 long term care facilities.** Almost 5,000 complaints of abuse, neglect, exploitation, and other problems concerning the quality of nursing home care were investigated by the Long Term Care Ombudsman program. While the number of abuse, neglect, and exploitation complaints has increased 50 percent in the last four years, the number of investigators, at 15, has remained the same; this does not meet the national standard of one investigator for every 2,000 nursing home beds. We propose to **fund this activity for the first time with \$310,000** in general funds to pay for more investigators.

**Prevention of Blindness Services to over 400 citizens** with low vision problems who do not have medical insurance. This program provides direct assistance by providing medical eye care to citizens who have no medical insurance or financial resources to pay for necessary care. Medical care can help prevent blindness or stabilize or restore existing limited vision. In FY 2003-04, there was a 45 percent increase in referrals to this program. In addition, the agency established vision-screening programs for older citizens in some of the most rural counties. Because of our focus on prevention of serious health problems, which contributes to poor quality of life and rising health

care costs, we propose to **increase recurring funding** for this activity by **\$200,000** by redirecting Radio Reading funding and increasing recurring funding to this prevention activity by \$100,000 in general funds. This will amount to \$829,553 in general funds and \$870,732 in total funds. We also propose to **increase recurring funding** for prevention of blindness and consultation services to children with low vision problems by **\$75,000** amounting to \$207,004 in general and total funds.

***Our Plan Saves by:***

**Merging the Vocational Rehabilitation Department and Commission for the Blind.** The Legislative Audit Council recommended in 2002 that the General Assembly merge the Commission for the Blind and Vocational Rehabilitation Department to realize increased efficiency and lower costs. The LAC report found that this could be done without adversely affecting the quality of services provided by both agencies. The report further found that: (1) both agencies' core missions and number one goal are to place clients in competitive employment; (2) over 50 percent of the commission's budget is spent on competitive job placement; (3) ours is one of only 12 states with a stand-alone commission; and (4) the rehabilitation rate for merged agencies is higher than stand-alone Commissions for the Blind. We propose merging these two agencies **saving \$646,094 in the first year and redirecting those savings to fund direct client services at both agencies.**

**Self-funding the Business Enterprise Program.** The 2002 LAC report recommended that the Business Enterprise Program at the Commission for the Blind either be eliminated or become self-funded to reduce costs related to the program. The report based these recommendations on the inefficiencies and ineffectiveness of the program. The commission spends over \$1 million to serve approximately 110 blind individuals who have not met the program's goal of achieving self-sufficiency. The LAC reported that South Carolina is the only state in the Southeastern region that does not have a self-supported vendor program and recommended that the commission require vendors to pay a small set-aside to cover the expenses of running the program. The commission is currently developing a best practice proposal of how to make the Business Enterprise Program self-funded. We propose that the Business Enterprise Program become self-funded, **saving \$229,754.**

**Diverting funding for non-state employee salary supplements.** This state funding pays for state base and performance salary increases to service providers at local councils on aging. These providers are contract employees, not state employees. In 1990, these contract employees were given special authority through legislation that authorized the state to pay their salary supplements. However, effective July 2005, all services currently provided by local councils on aging will be awarded through a federally-required competitive procurement process. Councils on aging may or may not

be awarded the services that are competitively procured, and new service providers, as well as many other current providers, do not have the benefit of the salary supplements. Therefore, with the support of the Office of Aging, we propose to end the unfair policy of giving salary supplements to some local providers and not others. Although we believe the local providers should be properly compensated for their services, state funds should be used for more critical services. Also, other sources of funds from local or other entities may be used to offset this reduction of salary supplements. We propose a **reduction of \$310,000** for salary supplements, which can be used to help fund the Office of Aging's Long-Term Care Ombudsman's Program to support a critical need for more investigators to handle rising numbers of elder and adult abuse complaints.

**Partnering with the Commission on Women.** The commission has recently entered into a public-private partnership with Columbia College which is effectively supporting the research function of this agency. This partnership was implemented upon the recommendation of an Advisory Committee established by the Governor's Office in 2003 to study creative and more effective ways to develop policies and actions to improve the quality of life of women and families in South Carolina. The Advisory Committee also recommended that the funding for the commission be reduced to reflect the additional support provided by Columbia College. As such and in accordance with the Advisory Committee's recommendation, we propose **reducing funding** for this activity by **\$75,000** annually.

***Fulfilling the Dream of Homeownership***

Since 2003, the State Housing Authority has significantly maximized the availability of affordable housing to South Carolina's low-income citizens while at the same time cutting administrative costs by running its agency like a business.

Under the Authority's new leadership, in the last year it achieved the following results and savings:

- Over \$61 million was invested to help 1,200 South Carolina families achieve their dream of homeownership. This represents a 20 percent increase over the previous year.
- A new program was implemented to allow private-sector mortgage brokers to participate in the agency's homeownership programs. Volume for this program reached \$40 million – exceeding its first year goal by over \$30 million.
- \$47 million in Multifamily Bonds was used to create almost 1,200 new affordable housing units. This represents an increase of almost 360 percent (\$37 million) over the previous year, and is the agency's highest volume year for this program since 1986.
- Through these investments by the agency, over 12,000 jobs were created and over \$180 million in new tax base was created for communities across the state. In addition to the tax base, agency investments increased state and local tax revenue by over \$119 million.
- These accomplishments were achieved at the same time the agency reduced employees by 20 percent, vehicles by 40 percent, and drove administrative cost below 4 percent.

The Authority continues to follow this business model and investment pattern to serve the housing needs of our citizens.

**Reducing training expenses at the Department of Social Services.** The department has recently purchased equipment to allow it to use distance learning to train its employees. Using this technology will allow the department to reduce travel costs associated with training activities. Annual **savings** will amount to **\$36,000**.

**Cutting contract attorneys at the Department of Social Services.** The department is implementing a plan to phase out the use of contract attorneys who handle cases in family court and begin using the department's attorneys. This phase-out will lower costs and give more accountability to the department over its family court cases. Annual **savings** will amount to **\$68,000**.

***Making Tough Choices:***

Given the state's finite amount of resources, we had to make some difficult choices regarding which activities to fund or not fund. While the activities listed below may well have merit, when comparing them with other activities, we did not think their anticipated outcome would be as effective in achieving our goal. The following activities reflect some of those difficult choices:

**Radio Reading funds diverted to Prevention of Blindness.** The Commission for the Blind funds broadcasting fees and staffing for a radio program which reads newspapers and other materials to blind and visually-impaired persons in South Carolina. This radio program, while worthy, is duplicative of the Talking Book Services program at the State Library, which provides an extensive selection of recorded and large print books and magazines, Braille to persons who are blind or visually-impaired, and postage free home delivery. The Radio Reading Program is also duplicative of other readily available radio and television news outlets that can provide similar information. While we understand this program is valuable to its listeners, we believe this funding is better utilized to support the commission's Prevention of Blindness Program. This program needs additional funding to meet the needs of identified individuals who are among South Carolina's poorest citizens. These individuals have no medical insurance and have been found to need medical eye care, which can prevent blindness or stabilize existing limited vision. We propose **diverting \$104,990** from the Radio Reading Program to the Prevention of Blindness Program.

**McCormick Intergenerational Program.** Funding to the McCormick Intergenerational Program is passed through the Office of Aging and is a local special item intended to be a one-time grant to support a volunteer coordinator and fund supplies needed to recruit and train senior citizens to assist students with activities in elementary schools. We proposed eliminating this pass through last year and propose it again in this budget **saving \$8,841**.

*Please see the Appendices for a complete listing of the Governor's Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

Improve the Quality of our  
Natural Resources

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## Improve the Quality of our Natural Resources

South Carolina is blessed with an incredible variety of natural resources, which serve as both a driving force in our economy and a significant contributor to our quality of life. As a state, we have a responsibility to help ensure that future generations are able to appreciate those blessings, while sustaining the benefit for current generations. We believe government's role in providing that assurance is two-fold. First, government should facilitate responsible and independent resource stewardship for citizens, and second, the state should work to minimize negative impacts on the environment.

In facilitating stewardship, South Carolina has an obligation to manage the resources in the public domain and to produce outcome driven policies and incentives that encourage private landowners to do likewise. Through guidelines for the management and use of our natural resources, the state also serves to regulate and enforce quality standards. Finally, South Carolina furthers the appreciation and benefit of our natural assets through programs that market the value of our resources.

Governor Sanford's Goals for **Improving the Quality of our Natural Resources** are to:

- ✓ Manage state resources for public benefit.
- ✓ Produce outcome driven policies and solutions for citizen stewardship.
- ✓ Regulate and enforce quality standards.
- ✓ Market the value of our natural resources.

### Developing our Purchasing Priorities

In order to develop our purchasing priorities, we first looked at the major indicators of success to determine whether state government is currently reaching its goal to improve the quality of South Carolina's natural resources. We have found that South Carolina is making progress, but faces a growing number of challenges. This section identifies the measures that help explain in what areas we are meeting our goals and what areas offer opportunities for meaningful improvement.

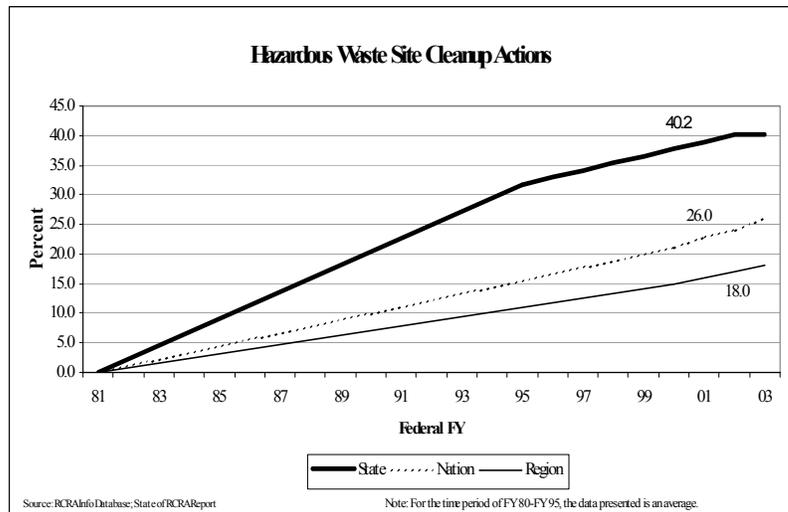
#### *Where we are succeeding*

Our natural resources and related industries contribute billions of dollars to South Carolina's economy each year. Our state's leading industry, tourism, depends primarily on access to our water resources, and we are making progress in improving water quality across the state. We have shown an increase in the percentage of our bodies of water that support recreation – 59 percent of our rivers and streams and 99 percent of our lakes now fully support recreation. On the coast, we have increased the percentage of shellfish beds that are approved for harvest from 64.1 percent in 2000 to 70.2 percent

this year. Despite a small decrease in licenses, the shrimp baiting fishery remains strong with 12,455 licenses issued in 2003, translating to an estimated 59,533 trips.

In other successes, forestry has traditionally been and continues to be a significant contributor to our state's economy. The forest product industry in South Carolina reported a \$14.7 billion economic impact. As part of protecting that value, wildland fire response time reduced from 35.7 minutes in FY 2002-03 to 33.57 minutes in FY 2003-04 as a result of improvements in our response network.

Our state parks have increased their revenue by approximately \$1.8 million in the past year, which will provide funding for unmet maintenance needs in our park infrastructure. South Carolina continues to be a leader in hazardous waste site cleanup and earned a 40.2 percent cleanup rate for 2003 compared to the national rate of 26 percent.



Finally, we have worked to preserve the integrity of our natural landscape through initiatives like the South Carolina Conservation Bank and neighborhood schools. In advancing the concept of neighborhood schools, the minimum acreage requirement for new schools was eliminated – our districts are no longer forced to build massive schools in remote areas. As schools are built in the neighborhoods they serve, more students will be able to walk to school; car and bus trips will be shorter and our countryside will be spared from sprawling government development.

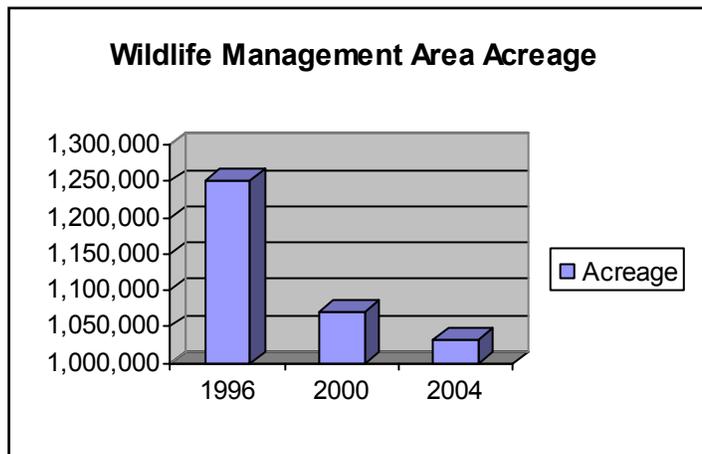
We are pleased that the South Carolina Conservation Bank was fully funded this year – its first full year in existence. The Conservation Bank uses a variety of strategies to protect our state's most precious natural and historical areas and, as a result, is a significant tool in improving our quality of life. We believe that this is especially critical in a time of growth because once land is developed, we will not have a second chance to preserve it for our children. We would again urge the General Assembly to allow the fees that fund it to be used for the benefit of our future generations.

**Opportunities for Improvement**

According to planning experts, South Carolina will have 916 square miles of new development to accommodate 1.1 million new people by 2025 if current development patterns continue. South Carolina was already ranked 15<sup>th</sup> in population growth from 1990 to 2000. The next large influx of people will likely affect many of our urban areas

that currently have some of the nation’s worst population density figures. The conversion of lands and increased pressures on the infrastructure could pose significant environmental problems, and as such, our budget priorities for natural resources focus on better coordinating our agencies to meet this challenge.

Millions of residents and tourists enjoy South Carolina’s natural resources each year; however, their access points require considerable maintenance. Additionally, as the population increases and moves, the network of access points must be evaluated to determine availability and use in an evolving context. The ease and quality of planned access can alleviate usage pressures on our state’s natural resources, as well as ensure that the public may continue to enjoy them. Our state faces the challenge of reconciling the demand for new access points with limited amounts of funding. For example, in the past year we built 18 new boat ramps but have limited resources for maintaining our existing boat landings.



Wildlife Management Areas (WMAs) are also an important component of access, yet we have lost over 200,000 acres of WMAs since 1996 and nearly 40,000 acres since 2000 – much of it due to the sale of industrial timberland. However, as millions of acres change hands, we have a unique opportunity to provide for the permanent protection of sensitive areas through the South Carolina Conservation Bank and the efforts of private landowners and conservation groups.

A primary habitat for wildlife, the state’s forest resource has a major impact on quality of life – 66 percent of South Carolina’s land base is forest land. Studies show that forested areas contribute to improved air quality and produce the highest quality water, resulting in improved aquatic habitats. The challenge is to minimize the impact of development and wildland fires on the forest resource.

**Purchasing Priorities**

Having determined where we are succeeding and where opportunities for improvement exist, we next identified some proven or promising strategies that will determine our purchasing priorities and best achieve our goal.

Manage state resources for the public’s benefit. Though our environment is naturally sustaining, human manipulation of resources has made it necessary for us to take corrective action and mitigate our impact at times. Effective resource management can make for accessible natural areas for all of our citizens, while minimizing our impact

and maximizing our benefit. Management purchases would be directed toward activities to correct or to sustain trends in natural resources. Such activities would include efforts to manage forests and fish and wildlife populations, gather biological data to support management efforts and manage state lands for public use.

Produce outcome driven policies and incentives to facilitate citizen stewardship. Our approach to sustaining South Carolina's environment includes government management; however, private citizens are the ideal stewards of our resources. We believe those most familiar and most vested in our natural inventory – landowners, outdoor enthusiasts, and industry – are best positioned to manage for quality, and government should facilitate responsible stewardship. These activities would include those that provide for flexibility, creativity, and quicker response for conservation and preservation efforts; pursue creative partnerships (inter-agency, non-profit or private and individual enterprise); enable landowners to manage responsibly; and support land use planning activities while working within landowner rights.

Regulate and enforce quality standards to sustain the low impact use of our resources. Government is in a unique position to establish standards and guidelines for the broader public interest. Our challenge is to prevent harm to natural resources without stifling creative solutions and techniques. To maintain quality standards relating to natural resources, regulations and enforcement should be clear, fair, and optimal. Planning activities would take place at the watershed level when appropriate and would incorporate activities that monitor and ensure air and water quality, establish the ready availability of water and provide protection and assurance for consumers of natural resources.

Market the value of South Carolina's natural destinations and products. It is vital to our economy that producers, retailers and consumers realize the value of South Carolina's natural resources. The notion of economic clusters, particularly a tourism cluster, absolutely relies on the availability of usable and sustainable natural resources. South Carolina should promote its natural resources for their recreational and commercial value, market local agricultural and forestry products and market South Carolina's natural destinations.

**Governor’s Purchasing Plan – Highlights**

We address our state’s fiscal problems by purchasing only those activities that most directly address critical natural resources issues. We do not purchase some services that, while still considered valuable, have been identified as lower priorities. The following table identifies key purchases within our Executive Budget’s total state natural resources purchasing plan as well as examples of what is not purchased. Detailed highlights of our purchasing plan are provided below the table.

<p><i>Improve the Quality of our Natural Resources</i></p>		<p><b>Examples of what our plan buys:</b></p>
<p><b>Purchasing Plan:</b></p>		<ul style="list-style-type: none"> <li>▪ Improved water quality of our state’s 29,794 miles of rivers, 407,505 acres of lakes, and 401 square miles of estuaries.</li> <li>▪ Protection from thousands of wildland forest fires.</li> <li>▪ Partial restoration of environmental trust funds.</li> <li>▪ Meat inspections for consumer safety.</li> <li>▪ Agricultural and economic information for 15,000 farmers.</li> <li>▪ Conservation land for future generations.</li> <li>▪ Operating funds for 46 state parks, four state forests, and eight historic properties.</li> </ul>
<p>\$66,725,702 General Funds</p>		<p><b>Examples of what our plan does not buy:</b></p>
<p>\$277,561,525 Total Funds</p>		<ul style="list-style-type: none"> <li>▪ Shrimp consultation for out-of-state companies.</li> <li>▪ Subsidies for forest landowners.</li> <li>▪ Duplicative administration for related agencies.</li> <li>▪ Taxpayer subsidized consultation for golf course owners and gardeners.</li> <li>▪ Additional sand for Hunting Island.</li> </ul>
<p><b>Savings Proposal:</b></p>		
<p>\$15,121,375 General and Other Funds</p>		

**Our Plan Buys:**

**Replenishment of environmental trust funds** that have been used to cover budget shortfalls in prior years. Since 2001, the Barnwell Atomic Waste Fund lost \$90,231,429 and the Pinewood Hazardous Waste Fund lost \$942,290. While these funds were used to cover short term needs, their depletion places critical cleanup and maintenance efforts, and subsequently public and environmental health, at risk. We propose **complete repayment of \$942,290** for the Pinewood Trust Fund and a **first installment of \$25,000,000** for the Barnwell Trust Fund.

**Wildland fire suppression** for thousands of fires, issuing 380,000 permits for outdoor burning, and wildland fire risk assessments for 500 communities. One of the

most crucial state roles in natural resources is protecting the 12.5 million acres of our tremendously valuable forests from the detriment of wildland fires. For this to be successful, we must maintain a statewide network poised to respond quickly and effectively. The state also tracks prescribed burns (which help prevent unplanned wildland fires) with a permitting process for a quicker response should they escape control. We propose **increased recurring funding** of **\$940,296**, amounting to \$10,307,405 general funds and \$11,616,820 total funds.

**Fire fighting tractors and equipment** to replace some of the 40 tractor units the Forestry Commission has lost over the past 15 years and update what remains. As our urban areas expand and are increasingly interfaced with forest land, our ability to combat wildland fire takes on new importance. Unfortunately, the Forestry Commission's capacity to combat fire has diminished, in part, due to aging and outdated equipment. While the average response time to wildland fires has decreased from 35 to 33 minutes, the average fire size has increased. Updated, additional equipment, in combination with the increase in recurring funding for personnel, will help us to improve both statistics and save more habitat, timber, and property. We propose a **one-time capital expenditure** of **\$1,100,000** for this purpose.

**Water pollution control and management** for our state's 29,794 miles of rivers, 407,505 acres of lakes and 401 square miles of estuaries. Our natural resources agencies ensure that we remain in compliance with a number of federal and state regulations, while also engaging in extended efforts to improve our water quality. The state buys a comprehensive water quality program that includes permitting, monitoring, enforcement and watershed level planning. Our state investment also involves communities in the protection of local rivers through active community-based management plans, covering 509 miles of river. The River Sweep program mobilized 1,600 volunteers to pick up 34 tons of trash along public waterways. We propose to **maintain funding** for water management services at **\$10,891,704** in general funds.

**Forty-six operational parks, four state forests, and eight historic properties** serving nearly 9,000,000 visitors. The Department of Parks, Recreation and Tourism (PRT) and the Forestry Commission manage and protect over 160,000 acres of South Carolina resources, balancing public access needs with environmental concerns. Surveys show that 95 percent of South Carolinians who visited a state park from April 2001 to April 2002 were satisfied with their visit. We propose **funding** of **\$6,066,588** in general funds, and through the addition of \$1,000,000 in Other Funds, our plan provides total funding of \$23,624,732 for the continued support of our state parks.

**Full funding for the South Carolina Conservation Bank.** The Conservation Bank exists to conserve the most precious natural and historic areas in our state. Through unique partnerships, acquisitions, and conservation easements with willing landowners, state government is able to take an active role in protecting greenways, open space, wetlands, historical properties, and other significant areas without infringing on property rights. We believe **full funding** of an estimated **\$15,250,000**

for the Conservation Bank is vital to the protection of our state's natural and historical legacy.

**Land and waste management** to accommodate 204,968 tons of hazardous waste. The state maintains registration records, permits, and conducts compliance monitoring activities while guiding cleanup activities for solid waste, infectious waste, and hazardous sites. This activity also supports the redevelopment of Brownfields or contaminated sites. Last year, DHEC accomplished this through contracts for voluntary cleanup with 43 non-responsible parties. The reutilization of Brownfields has become an effective and responsible development strategy by providing outcome driven policies and incentives for preventing sprawl and widespread pollution. We propose a **ten percent increase in recurring general funds** for land and waste management equaling **\$2,933,932** in general funds and \$21,476,401 in total funds.

**Emergency response** which responded to 138 hazardous material spills, 660 oil spills, 138 miscellaneous spills, 67 fish kills, and 20 nuclear incidents. In addition to cleanup activities, DHEC maintains an emergency response network to contain damages caused by accidents and to protect the public in emergencies linked to oil and hazardous waste, nuclear byproducts, and the Savannah River Site. Our plan **maintains recurring funding** for this activity at **\$610,851** in general funds, amounting to \$2,041,447 in total funds.

**Animal health diagnostic services and meat inspections.** The stakes have risen in recent years for animal health activities and meat inspections as our state continues to seek protection for livestock and consumers from animal borne illnesses. South Carolina performs diagnostic tests on livestock and poultry to identify and contain potential disease outbreaks. The state also inspects and tests meat and poultry processing operations in South Carolina to help ensure a safe meat supply for our state. We propose **increasing recurring funding** for animal health by **fifty percent** and for meat inspections by **ten percent**, totaling **\$2,302,251** in general funds and \$3,843,517 in total funds.

**Information on animal production systems** for 13,000 producers. South Carolina conducts agricultural research to improve the operation of confined animal systems and minimize their impact on the environment. The state also has an interest in developing ways to protect water quality around pastures and ways to improve the quality of life of those living around animal production operations. Our state's producers are also receiving important information on efficiency and marketing. We propose **maintaining recurring general funds** at **\$2,839,766**, amounting to \$4,318,387 in total funds for this activity.

**Marine monitoring and management.** Our state assesses and manages the marine environment and stocks in South Carolina territorial waters through commercial landing records, surveys, studies, and a variety of other methods to balance population numbers and catch rates. In the past year, South Carolina catches totaled 184,121 red drum, 41,921 bushels of clams, 82,510 bushels of oysters, and nearly six million pounds

of shrimp. In support of population management and recreation, DNR maintains 44 artificial reefs which, in turn, support an estimated 80,000 fishing trips annually. These trips have an annual economic impact of over \$20 million annually to the state. We propose to **maintain funding** at **\$1,925,681** in general funds, amounting to \$8,541,859 in total funds.

**Coastal resource improvement** for millions of residents and tourists. Our state's tourism cluster is centered around our coastal resources – without healthy beaches much of our economy would be in danger. Our state must conserve and encourage the balanced and beneficial use of beaches, marshlands, waters, and other coastal resources. State government works with local governments and others to conserve and protect sensitive and fragile areas of the coastal zone while sustaining growth and development. Our proposal **maintains \$1,069,424** in general funds for this activity, amounting to \$6,627,674 in total funds.

**Agronomic crop support for 9,600 producers.** The state provides educational programs for agricultural producers in our state based on statewide research to improve the production efficiency, environmental sensitivity, and the profitability of their crop management systems. Our proposal **maintains recurring funding** of **\$3,570,126** in general funds.

### **Our Plan Saves by:**

**Reducing administrative costs** through consolidating agencies with similar missions. The divided structure of our natural resources cluster presents institutional barriers to achieving some of our basic goals, as well as a complicated and sometimes inaccessible structure for public users. Compounding this problem, the current structure is riddled with inefficiencies that cost taxpayers. We propose realigning the DNR, the Division of Environmental Quality Control at DHEC, and the Forestry Commission under the newly formed Department of Environment and Natural Resources. First year savings are estimated to be 18 percent of general fund administrative dollars, **producing efficiencies** amounting to **\$900,206** at DNR, **\$1,070,107** at DHEC, and **\$440,742** at the Forestry Commission.

**Cutting additional funding for Hunting Island Beach engineering and renourishment.** Since this was funded last year as a one-time item, continued funding for the renourishment of Hunting Island is not necessary. Additionally, we believe that spending for activities with such uncertain outcomes as beach renourishment should give way to priorities with more predictable outcomes, particularly in tight budget times and in the absence of federal assistance. Cutting this item **saves \$5,000,000** in general funds.

**Deferring nuisance species abatement to private industry.** South Carolina currently funds studies of the techniques for minimizing the impact of nuisance species such as beaver. We feel that, given our current budget situation, advancing the

technology for eradicating nuisances is a lower level priority for government. DNR used to perform activities related to nuisance species; however, the agency now refers individuals to private Nuisance Wildlife Control Operators. In step with DNR, Clemson PSA should also defer to the private sector for related activities, **saving \$114,522** in general funds.

**Streamlining DHEC administration.** DHEC noted significant efficiencies from consolidating their operations from 12 regional offices to 8 and related reductions in personnel, which will lead to **savings of at least \$1,000,000.**

**Coordinating statewide Geographic Information System (GIS) activities.** A significant number of state agencies, in addition to counties and businesses, utilize GIS to varying degrees. However, there is no central clearinghouse for this data. A coordinator and a coordinating council would enable state agencies to better utilize negotiated pricing for GIS software, provide a central source for GIS information, and offer opportunities for substantial savings in data collection. Further, many federal grants are contingent on statewide coordination – this would allow our state to access federal funding. The statewide GIS coordinator would be funded through DNR in the first half fiscal year. Thereafter, agencies would collectively pay for this position out of coordination **savings of at least \$70,000.**

**Placing a moratorium on Recreation Land Trust contributions.** The Recreation Land Trust makes grants to local governments to acquire recreational land. The trust currently has a \$1.6 million balance. Applications for this 50-50 match program are selected through the Open Project Selection Process. We propose placing a moratorium on general fund contributions to the fund until the balance is granted, **saving \$385,000.**

**Making increased federal funding available to Palmetto Trails.** These funds are passed on to the Palmetto Conservation Fund (PCF) as a grant. The PCF uses the money to construct trail segments along a pathway from the mountains to the sea, designated as the Palmetto Trail. This program may be funded by applying for a portion of the \$200,000 increase in the federal SYMMS Recreation Trails program. Through the utilization of this competitive grant program, their needs can be measured against the needs of the state, they will be held more closely accountable for their results and the state will **save \$90,820** in general funds.

**Reforming Parks and Recreation Development Grants.** Approximately two million dollars from bingo revenue is granted to cities, counties and special purpose districts (\$500,000 is dedicated to state parks' operations for a total of \$2,500,000). The monies are divided based on county population with each county receiving a minimum of \$20,000. The 80-20 state/local matching grant cycles monthly and is granted non-competitively based on weighted delegation voting. The present arrangement does not allow budgeting for specific outcomes and forces PRT to carry forward dollars each year. We believe that these funds should be rededicated, especially as PRT has cited specific needs at state parks. We propose using \$1,000,000 for a

restructured competitive grant process through PRT, \$850,000 for deferred maintenance and other needs at state parks, \$500,000 for state parks' operations and the remaining \$150,000 for PRT grants administration and engineering services for grantees. The fund currently has \$1,142,178 that was collected in previous years but not granted. We propose diverting \$1,000,000 from this year's bingo tax allocation for state parks operations until this carry forward amount has been granted. Our plan **saves \$1,156,120** in general funds by transferring grants administration to other funds and diverting a portion of this year's allocation to replace general funds for state parks operations.

**Achieving self-sufficiency with master programs.** Individuals who pursue Master Wildlifer, Master Naturalist, Master Gardener, Master Forester, Master Tree Farmer, Master Woodland Owner and Master Waste Educator programs should certainly be acknowledged for their commitment to education, the environment and volunteer work. However, in tight budget times, we are forced to compare the benefit of an investment in these programs with others competing for scant state dollars. The critical areas of health, education and public safety simply present more pressing needs, and, therefore, we recommend making these programs self-sufficient through program efficiencies and, if necessary, increased reliance on users for funding – **freeing up \$422,578** for more core functions of government.

**Partnership Improves Customer Service, Reduces Costs**

The Department of Parks, Recreation & Tourism is working with the private sector to provide expanded services for State Park visitors. Currently, park users must call each park individually to check availability or reserve one of South Carolina's 233 overnight lodging facilities and 3000 campsites. However, in February, a new service will begin accepting reservations for vacation cabins and campsites throughout the South Carolina state park system. The improved services from this centralized reservation system are being offered at no cost to the state through a partnership with ReserveAmerica.

Under this new system, the state park service is expected to realize operational savings from improvements in inventory control and efficiencies in management. This joint venture will also increase marketing capacity and promotional exposure for state parks, resulting in an estimated 15 percent increase in occupancy. Park users will benefit as well when, with just a few clicks on the internet or a few minutes on a toll-free call, they will be able to make arrangements for a state park vacation.

While the centralized reservation system is the largest and most dramatic example of public/private partnerships in the state park service, PRT is also engaged in other promising collaborations. Santee State Park is entering into an arrangement that will result in the tackle shop being professionally managed. At Devils Fork State Park on Lake Jocassee, a partnership with a private concessionaire is leading to a boat rental facility on the park. The dollars saved through these new collaborative partnerships will be available for reinvestment in other park's services. We encourage all agencies to consider contracting with the private sector to provide non-core services in ways that are beneficial to both the taxpayers and consumers of government services.

**Shifting responsibility for natural resources recreation and tourism education.** The state currently provides educational programming for 155 recreation and tourism professionals. Continuing education for private professionals should not be funded by the state – as individuals, employers, and industry would be much more appropriate sources. Private funding **saves \$99,547** based on the general funds associated with this activity.

**Making pesticide licensure programs self-sufficient.** Nearly all licensed professions under LLR are self-sustaining; however, licensure for pesticide applicators costs the state \$414,191 annually in general funds. We recommend that this program achieve self-sufficiency over a two year period through contracting with LLR to more efficiently provide online licenses and renewals and extending renewal cycles to two years. Fees on seminars and licenses should only be increased if necessary after the program has been made more efficient. This will allow for **recurring annual savings of \$207,080.**

**Encouraging the golf course industry to fund turf grass research.** In response to the potential loss of state funds for the turf grass program at Clemson PSA, *The Sun News* quoted the director of golf course operations for a major Lowcountry developer as saying, “It would probably cost all of us more, because it does not really cost us anything now for his research and advice.” The paper reported that the director went on to say that in the absence of the turf grass program, the golf course community would probably work together to contract for the Clemson staff’s expertise. South Carolina currently has over 300 golf courses in operation, and we believe that the program should continue to have golf courses fund industry-related aspects of turf grass research, **eliminating** the need for **a state subsidy of \$145,200.**

**Competitively sourcing non-core parks services.** The Department of Parks, Recreation and Tourism operates lodging units, restaurants, campgrounds, retail operations and golf courses. We believe that going through a competitive process and partnering with private companies to provide these services will **save** an estimated **\$1,410,000** annually.

**Modifying the state’s role in mariculture and aquaculture.** We propose limiting the DNR role in mariculture and aquaculture to permits and compliance, especially in light of the questionable benefit to taxpayers. South Carolina simply does not realize significant returns on this investment, as it becomes increasingly difficult to compete with foreign competitors and states like Mississippi with established industries. With current projects like organic shrimp feed research for a company in Maryland, we found it difficult to identify a clear benefit to our state. We believe that private industry, states, and nations that have a more legitimate industry should fund any necessary research, allowing the state to **rededicate** the **\$936,821** in general funds to more critical needs.

**Replacing the state contribution for hunter safety courses.** All state residents born after June 30, 1979, seeking a hunting license must take a safety course. The

hunter safety course receives 75 percent funding from the federal government, 20 percent funding from state government and five percent in the form of in-kind unpaid instructional services. Adding a \$17 charge for Hunter Safety fully **eliminates** the need for the **\$185,107** contributed by the state.

**Reforming the Water Recreation and County Game and Fish Funds.** The Water Recreation Fund is derived from a portion of the gas tax. The Game and Fish Fund is derived from a portion of fines and half of the non-resident license fees for each county. Both funds are county specific, and the county delegation from the county in which the taxes, fees, and fines originated recommends where these dollars are to be spent. The present arrangement does not allow budgeting for specific outcomes and forces DNR to carry over millions of dollars each year; they currently have around \$9 million banked in these funds. We believe that these funds should be re-dedicated, especially as DNR has cited significant needs throughout the agency such as law enforcement. We propose reallocating the approximately \$4,000,000 that is annually dedicated to the County Game and Fish Fund and the Water Recreation Fund within the agency to support efforts with outcomes that are clear, beneficial, and accountable to the taxpayer and are part of a public legislative budgeting process. In keeping with the purpose of these funds, we recommend that half of these funds, approximately **\$2,000,000**, be allocated for a **competitive grants program** to be administered by DNR that provides for activities including local hunting and fishing marketing, recreational access projects and other related events and projects. We propose dedicated funding of one eighth of these funds, **approximately \$500,000, for noxious weed eradication and boating access engineering.** Finally, we propose dedicating three eighths, **approximately \$1,500,000, to increasing law enforcement.**

**Making Tough Choices:**

Given the state's finite amount of resources, we had to make some difficult choices regarding which activities to fund or not fund. While the activities listed below may well have merit, when comparing them with other activities, we did not think their anticipated outcome would be as effective in achieving our goal. The following reflects some of those difficult choices:

**Sustainable Forestry Management and Environmental Enhancement Programs.** Two state agencies conduct research and education programs for forest landowners: the Forestry Commission and Clemson PSA. Limited funds in other areas made a second forestry program at PSA, costing **\$1,885,723** in general funds, a difficult choice. Private industry and the Forestry Division of the newly formed Department of Environment and Natural Resources can assimilate or contract for some activities if they are a priority.

**Urban Wildlife.** Clemson PSA consults and plans with local entities to create urban habitats for displaced wildlife. DNR and municipalities should be left with the choice to absorb the **\$28,630** for this activity.

**Forestry Enforcement.** Forestry officers conduct timber theft and fraud investigations. Wildfire prevention and suppression were more imminent needs for the Forestry Commission, so we were forced to choose between improving suppression measures and the **\$200,000** in general funds for this service. Fortunately, DNR Wildlife officers are well-positioned to carry out this function.

**Forest Renewal Program Financial Assistance.** Financial assistance is provided for private, non-industrial landowners for the first 100 acres of a project. Critical needs in other budget areas took precedence over the state's contribution of **\$170,164** for this landowner subsidy.

*Please see the Appendices for a complete listing of the Governor's Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

Improve the Safety of  
People and Property

## Improve the Safety of People and Property

South Carolinians want to live in a safe environment. Protecting them from crime, accidents, and natural or man-made disasters is a core responsibility of state government.

Crime continues to be a major concern for the citizens of South Carolina. For instance, as recently as the year 2002, the state was ranked as having the 5<sup>th</sup> highest crime rate in the nation in the Federal Bureau of Investigation's Uniform Crime Report. Threats of natural or human-based disasters to the state include those that are characterized as immediate and those that are characterized as long-term. Immediate disaster examples include hazardous chemical spills, hurricanes, and tornados while long-term disaster examples include drought and chronic chemical release. These hazards have the potential to disrupt day-to-day activities, cause extensive property damage, and create mass casualties.

Additionally, South Carolinians face numerous individualized hazards such as traffic collisions and hunting and boating accidents.

Faced with such conditions and risks, it becomes evident that an improvement for the safety of people and property is fundamental not only to the quality of life in South Carolina, but also to the vibrancy of its economy.

### Developing our Purchasing Priorities

In order to develop our purchasing priorities, we first looked at the major indicators of success to determine whether state government is currently reaching its goal to improve the conditions for the safety of people and property. While South Carolina is making progress in many ways, there are many areas that need improvement. This section identifies the measures that help explain whether our state is or is not achieving our goal.

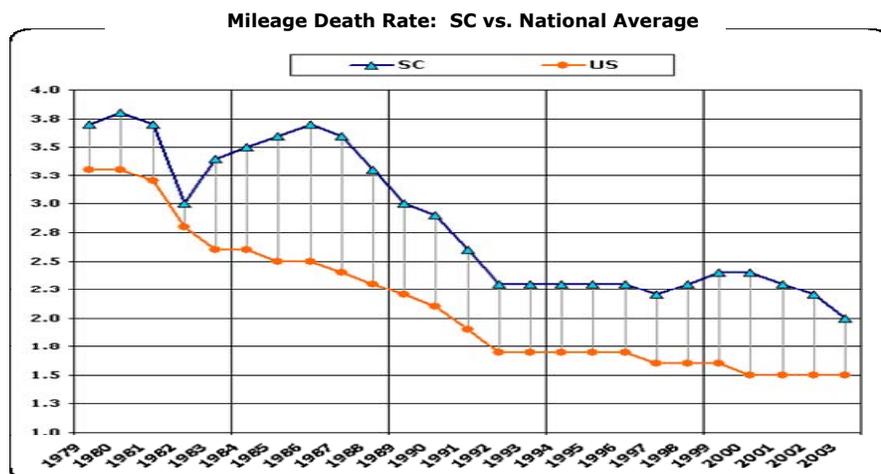
Governor Sanford's Goals for **Improving the Safety of People and Property** are to:

- ✓ Prepare for and prevent criminal activities and natural or man-made disasters.
- ✓ Effectively manage the state's offender population.
- ✓ Increase enforcement of state laws.
- ✓ Improve response and recovery activities following criminal activities or disasters.

**Where we are succeeding**

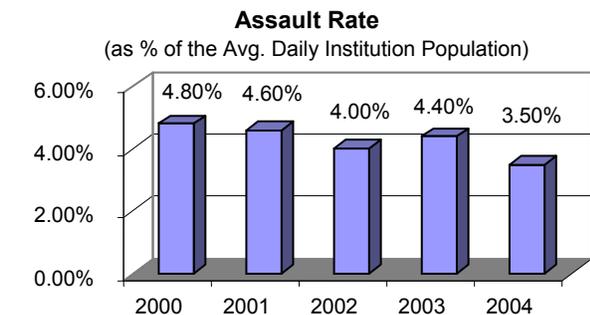
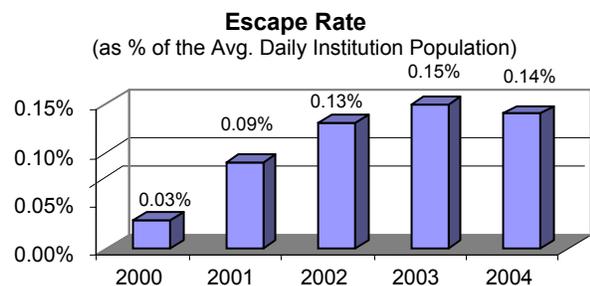
The past several years have been challenging for law enforcement and correctional agencies with total average budget decreases in excess of 25 percent since FY 1999-00. Law enforcement and correctional agencies are dealing with difficulties that include retaining staff and the breakdown of older equipment while inmate populations and medical costs are on the rise. Despite these challenges, South Carolina is making gains within several key measurements that pertain to the safety of people and property. These include improvements in both preventable injury and loss as reflected in the state's mileage death rate and offender management as reflected by the state's inmate escape and assault rates.

With regard to preventable injury and loss, South Carolina's mileage death rate (MDR – defined as the number of traffic fatalities per 100 million vehicle miles of travel), while continuing to be higher than the national average, shows a declining trend similar to the national trend and, since 2000, has actually improved relative to the national average.



For instance, traffic fatalities decreased eight percent from 1,053 in 2002 to 969 in 2003. As a result of this, the MDR is at its lowest level in the state's history at 2.0 deaths per 100 million miles of travel.

While this is the third consecutive year of decreases in the state's mileage death rate, we still have substantial progress to make.



South Carolina is also making slight gains in terms of managing offenders based on the decrease in the state's inmate and assault rates. These gains come even though South Carolina ranked 7<sup>th</sup> in the nation for its Prisoner Incarceration Rate with 529 prisoners per a 100,000 population – 25 percent higher than the national average. Regardless of the increase in inmate

population, as a result of managerial and policy changes, the escape rate declined slightly in 2004. This decline halted the sharp increase in inmate escapes which occurred from 1999-2003.

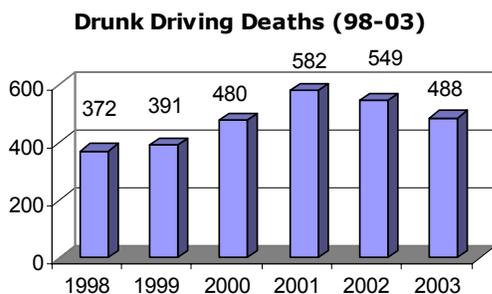
Additionally, the assault rate has continued to decline over the past five years. The assault rate is measured by determining the number of inmate assaults on fellow inmates and inmate assaults on guards.

In addition to improving escape and assault rates at the Department of Corrections, the Department of Juvenile Justice enjoyed a historic moment in December 2003. The favorable conclusion of a 13-year old federal class action lawsuit signified official recognition that the agency has put measures in place to not only ameliorate overcrowding, but also to meet minimal constitutional standards to ensure the safety of juveniles within its facilities. Several specific innovative management decisions by the agency helped it reach a settlement of this lawsuit and achieve cost savings.

First, the agency flattened its organizational structure that once supported each of three facilities on Broad River Road in Columbia by creating a single entity known as the Broad River Road Complex. This reorganization resulted in an annual cost savings of about \$600,000 and has been achieved without the loss of any staff directly responsible for security, supervision, or treatment of juveniles. Additionally, the agency closed its outlying facility for females in Greenwood, moving the residents to their own separate community within the Broad River Road Complex. The closure of the Greenwood facility has resulted in annual savings of approximately \$1.5 million, helping the agency sustain its core programs in the face of budget cuts. Finally, the agency is achieving cost savings of \$600,000 in the health services area through a partnership with the Department of Corrections that provides dental care for its residents and by contracting out pharmacological services.

***Opportunities for Improvement***

There is still a great need for improvement in a number of key measurements that can advance our goals for public safety. These include Highway Patrol response times and driving deaths – especially those related to drunk driving.

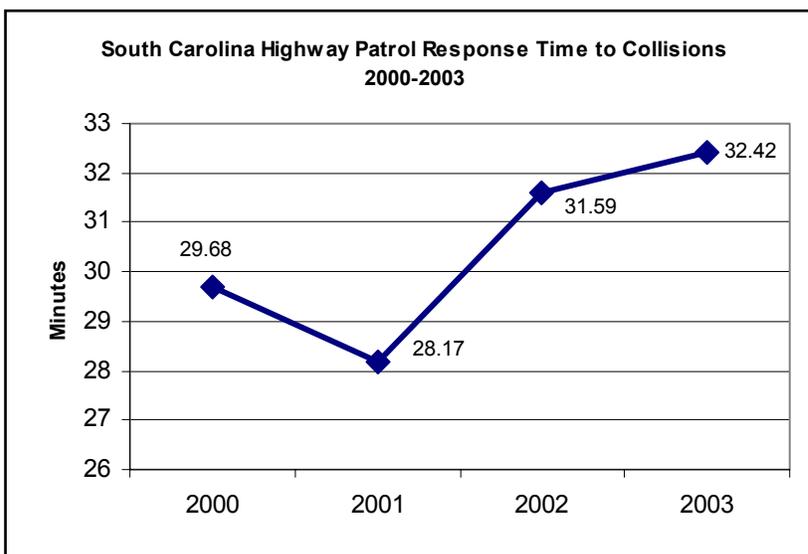


While there is evidence that state roadways continue to improve through measurements such as the MDR, nearly 1,000 people continue to be killed every year on the state's roads and highways – over 50 percent of these deaths result from drunk driving. This ratio of alcohol-related fatalities to overall fatalities is among the highest in the nation. While the number of alcohol-related fatalities has fallen over the past several years, the state is still

experiencing a spike that began in the late 1990s. As such, we remain committed to an

even greater reduction in alcohol-related traffic deaths. We have taken steps toward reducing the annual number of alcohol-related vehicle deaths. This administration supported the successful referendum that called for removing the constitutional provision requiring restaurants and bars to serve the strongest drinks in the country. We will complete this transition from being the only “minibottle state” in the country to a more responsible “free pour state” when the General Assembly passes accompanying enabling legislation in the next legislative session. To further strengthen our drunk driving laws, we would also encourage the General Assembly to pass legislation closing the loophole related to a motorist’s protected rights while, at the same time, we use a 0.08 per se standard.

We also plan to improve our ability to enforce drunk driving laws by increasing highway traffic enforcement. Over the past several years, the Highway Patrol’s response time to collisions has averaged around 30 minutes. However, in 2002, South Carolina’s Highway Patrol average response time increased considerably to 31:59 minutes from 28:17 minutes in 2001. In 2003, the response time to collisions slowed by nearly a minute to 32:42 minutes. We can take significant steps towards improving the above statistics through our proposal to fund several additional trooper classes in the upcoming budget year.



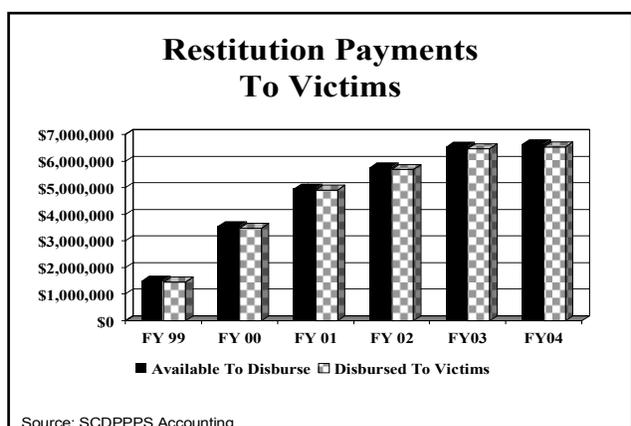
**Purchasing Priorities**

The major funding priorities are those that best achieve the results needed for our goal. The key strategies we identified are as follows:

To prepare for and prevent criminal activities and disasters (natural or man-made). Preparedness for either a criminal activity or a natural or man-made disaster is achieved when an agency is properly staffed, equipped, trained, and has a proven executable plan in place to deliver its services. The goal in preparing for either criminal or non-criminal events is to reduce the risk of harm to people and property that are either associated with or come in contact with these events. Prevention is an additional step to preparedness that can mitigate the factors which encourage criminal activities or man-made disasters.

To effectively manage the state's offender population. Effective offender management is directly related to the strategy of criminal prevention due to the direct removal or monitoring of actual offenders by the Department of Corrections, the Department of Juvenile Justice, and the Department of Probation, Parole and Pardon Services. As such, the goal of effectively managing offenders is the same as the crime prevention goal – reduce the risk of harm to people and property that are either associated with or come in contact with criminal activities.

To increase enforcement of state laws. Having more law enforcement officials can help prevent crime and result in greater compliance of state laws. Thus, while directly linked to the prevention of criminal activities, the primary focus of this strategy is “point-of-contact” as it pertains to the enforcement of state laws. Examples of this strategy include traffic and CMV weight enforcement.



To improve response and recovery activities following criminal activities or natural or man-made disasters. Response and recovery is the end product of preparation for and/or the prevention of criminal or non-criminal activities. This strategy includes components of response, such as criminal investigations and traffic accident response; and recovery, such as victims' restitution and disaster clean up. For instance, regarding victims' restitution, the Department of Probation,

Parole, and Pardon Services has steadily increased the total dollar amount of restitution payments collected and disbursed to victims. Effective response and recovery provides for a higher level of not only perceived, but actual safety for the citizens of the state.

**Governor’s Purchasing Plan – Highlights**

We address our state’s fiscal problems by purchasing only those public safety services most needed by citizens. We do not purchase services that, while still considered valuable, have been identified as lower priority. The following table identifies key purchases within our Executive Budget’s total state public safety spending plan as well as examples of what is not purchased. Detailed highlights of our purchasing plan are provided below the table.

<p><i>Improve the Safety of People and Property</i></p>		<p><b>Examples of what our plan buys:</b></p>
<p><b>Spending Plan:</b>  \$510,873,788 General Funds  \$862,579,874 Total Funds</p>		<ul style="list-style-type: none"> <li>▪ An additional 115 troopers and officers that, along with existing troopers and officers, will assist nearly 100,000 motorists and enforce commercial motor vehicle laws.</li> <li>▪ Increased resources for incarceration of 23,131 violent and non-violent adult criminals and 2,109 juvenile offenders.</li> <li>▪ Supervision of 47,218 jurisdictional offenders upon orders of the courts or Parole Board.</li> <li>▪ Over 4,000 requests statewide for investigative services, including 146 fugitive cases.</li> <li>▪ Increased resources for enforcement of boating laws.</li> </ul>
<p><b>Savings Proposal:</b>  \$25,218,405 General and Other Funds</p>	<p><b>Examples of what our plan does not buy:</b></p>	
		<ul style="list-style-type: none"> <li>▪ Funeral Caisson services.</li> <li>▪ Security for the H.L. Hunley.</li> <li>▪ Duplicative administration services for the Department of Probation, Parole, and Pardon Services and the Department of Corrections.</li> <li>▪ Duplicative parole boards for youth and adults.</li> <li>▪ Excess costs to provide licensing and titling functions at DNR rather than DMV.</li> </ul>

**Our Plan Buys:**

**Troopers to patrol over 41,476 miles** of state highway and to be responsible for enforcing traffic laws, investigating collisions, assisting motorists, and providing a safe motoring environment for the public. Additionally, these troopers assist over 93,891 motorists and investigate 74,988 collisions. We propose to **increase recurring funding** for this activity by **\$4,554,675** in general funds. This increase will purchase an additional one hundred highway troopers representing a 12.6 percent increase over the current level (788) of troopers. In addition to the recurring funds, we propose an **increase of \$3,366,683 in non-recurring funds** to provide the necessary vehicles

and ancillary equipment required of these troopers. An increase in the level of troopers will help combat the state's high drunk driving rates as well as lower highway response times.

**Motor vehicle compliance of approximately 180,000 violations and suspensions** of individual driving records. The motor vehicle compliance unit is charged with administering laws, policies, and procedures that relate to state motor vehicle and drivers' license laws. Specific duties for this unit include the posting of violations and suspensions to driver files, correcting information on driver files, and maintaining inventory of uniform traffic tickets for the state. We propose to **increase recurring funding** for this activity by **\$1,042,474** in other funds. This represents an 8.2 percent increase over the current funding level. Funds for this activity include \$1,823,884 in general funds and \$13,734,514 in total funds.

**Response to over 4,000 investigative services requests**, including 146 fugitive cases. These services provide extensive investigative and technical assistance, upon request, to local, state, and federal agencies. We propose to **increase recurring funding** for this activity by **\$2,696,697** in general, federal, and other funds. This represents a 26.8 percent increase over the current funding level. Funds for this activity include \$6,274,956 in general funds and \$12,741,733 in total funds.

**Maintenance of over 27,000 criminal DNA profiles** through the Combined DNA Indexing System Database. These services perform serological and DNA analysis of biological evidence. We propose to **increase recurring funding** for this activity by **\$1,794,460** in general, federal, and other funds. This represents a 107.7 percent increase over the current funding level. This increase is primarily the result of federal revenue projections for FY 2005-06. Funds for this activity include \$809,627 in general funds and \$3,461,277 in total funds.

**Incarceration of 23,222 adult offenders** at the state's seven high-security, eight medium-security, eleven minimum-security, and three multi-female institutions. These services provide for the proper housing, care, treatment, feeding, clothing, and supervision of inmates within a controlled and structured environment. We propose to **increase recurring funding** for this activity by **\$10,542,995** in general funds. This represents a 5.5 percent increase over the current general fund level. The funding will be used to provide recurring operating funds for three 256 bed additions (\$7,200,295) and to enhance security at all Level II and Level III institutions (\$3,842,700). Offsetting the increase in this activity is a \$500,000 reduction in recurring general funds associated with savings that will accrue to the agency with the completion of a food and freezer warehouse, also proposed within this year's budget. The increase within this activity should provide assistance in the continued reduction in escape and assault rates.

**Incarceration of 2,109 violent and non-violent juvenile offenders.** These services provide around-the-clock custodial care to committed juveniles. We propose to **increase recurring funding** for this activity by **\$3,604,657** in general funds. This represents a 21.1 percent increase over the current general fund level. The funding will

be used to provide additional safety and security for juveniles and staff at juvenile facilities (\$3,147,902), and to address the inequity of services provided to girls, relative to boys (\$456,755). This increase will move the Department of Juvenile Justice beyond the minimum requirements established by the federal district court.

**Placement of 1,424 juvenile offenders in alternative community residential beds.** These community-based services provide 24-hour care that includes treatment services, skill building, crisis stabilization, independent living, and education for non-violent juvenile offenders and juveniles on parole or probation. We propose to **increase recurring funding** for this activity to **\$22,457,822** in general funds and **\$25,411,366** in total funds. The general fund increase represents a 53.3 percent increase over the current funding level. This increase is primarily the result of recurring funds that will be used to offset DJJ's current use of Medicaid funds (\$7,826,664). A recent change in federal guidelines will prohibit Medicaid reimbursement for a significant part of the juvenile population in wilderness camps, group homes, and other alternative placements. This change will result in a substantial loss of Medicaid revenue that is currently used to fund juvenile placements.

**Community supervision of 47,218 adult jurisdictional offenders.** These services include the supervision of adult jurisdictional offenders upon the orders of the courts or the Department of Probation, Parole and Pardon Service's Parole Board. We propose **increasing recurring funding** for this activity to **\$33,455,731** in total funds.

**Enforcement of commercial motor vehicle laws** resulting in 31,684 violations with 4,010 commercial vehicles placed out-of-service. These services allow the State Transport Police (STP) to conduct commercial inspections, which examine driver credentials and vehicle systems such as brakes, tires, and suspensions. We propose to **increase recurring funding** for this activity by **\$586,283** in other funds realized from the state's gas tax. As these activities are related to wear and tear on our roads and compliance with our laws concerning gasoline usage, these activities should be funded from this tax. The Department of Revenue recently implemented a new automated gasoline tax tracking system that is estimated to bring in an additional \$3.5 million in tax collections through more accurate measurement. As State Transport Police activities benefit the State Department of Transportation (DOT), with size and weight enforcement and dyed fuel inspection providing direct benefits, we propose funding new and existing STP officers from the increased collections of the state's gas tax associated with the new automated tracking system implemented at the Department of Revenue. In addition to the recurring funds, we propose an **increase of \$505,002 in non-recurring funds** to provide the necessary vehicles and ancillary equipment required of these troopers. The ten additional STP officers represent a 9.3 percent increase over the current level (107) of STP troopers.

**Our Plan Saves by:**

**Reducing expenses associated with penal facilities inspection** at the Department of Corrections (to accommodate one facilities inspection per year as required by state law versus the two per year currently being performed) will generate annual general fund **savings of \$125,000.**

**Combining Parole Boards** at the Department of Juvenile Justice and the Department of Probation, Parole and Pardon Services. The parole board at PPP, with seven members and a budget of \$990,394, hears 6,269 cases a year for a per case cost of \$158. The DJJ parole board, with ten members and a budget of \$709,045, hears 1,848 cases per year for a per case cost of \$384 – nearly 250 percent higher. Combining the two boards will **save around \$425,000** annually in general funds.

**Consolidating the responsibility of highway statistical data entry** between the Department of Public Safety and the Department of Corrections. Currently, the Department of Motor Vehicles is charged with entering highway statistical data for the Department of Public Safety. We propose moving this labor intensive function to the Department of Corrections. At Corrections, we envision the entry being performed by inmates within the agency’s Inmate Program Services Division, which seeks to provide rehabilitative opportunities for correctional inmates. Oversight of the inmates should be from DPS – the end user of the data. Implementation of this initiative will result in annual general fund **savings of \$113,079.**

**Requiring the administrative hearings** currently conducted by the Department of Motor Vehicles to be conducted by the Administrative Law Court will **save \$253,091** annually in general funds. In

***The DMV:  
Faster, Better, Less Expensive***

Over the past year, there have been many improvements made at the Department of Motor Vehicles resulting in a faster, better, and less expensive agency.

These improvements are the result of a direct link between the DMV and the Governor. In June 2003, the DMV became a cabinet agency, making it directly accountable to the Governor.

*Faster:* South Carolinians who used to spend hours in line waiting for service at the DMV now spend on average 15 minutes – this means more productive time at work or, better yet, more time at home with their families.

*Better:* Restructuring and accountability have allowed DMV to more closely match the needs of the customer. For instance, the department now offers better access to its services through Saturday hours at several locations, as well as 24/7 service availability through its updated internet portal.

*Less Expensive:* Impressively, DMV accomplished quicker wait times, and better customer access and service with less money from the general fund. In the year and a half since joining the cabinet, the agency has voluntarily offered reductions to over half (52%) of their \$27 million general fund budget as well as \$10 million in one-time funds to help other agencies during these difficult budget times.

addition to these savings, the transfer of the hearings will free Department of Motor Vehicles (DMV) staff from a function that is best performed at the Administrative Law Court and that will allow additional DMV staff time to be focused on improving customer wait times and service. Currently, ALC completes around 1,600 cases a year while DMV completes approximately 3,400. While certainly an increase in caseload, DMV administrative cases require less time per case than ALC cases. This, plus our proposal to move \$123,130 in other funds associated with the administrative hearings to the Administrative Law Court, will provide adequate funding of this function.

**Funding Size and Weight Enforcement and Dyed Fuel Inspection from the state gas tax.** In addition to funding ten new State Transport Police officers, we are proposing to shift the funding of Commercial Motor Vehicle inspections from general funds to the state's gas tax. Using gas tax dollars to fund these transportation-related activities will **free up \$2,913,717** in general fund dollars.

**Coordinating the functions of the Office of Highway Safety and the Office of Justice Programs** in a manner that will lead to cross savings opportunities. As an example, with better coordination and centralization regarding the administration of grants, the two offices could achieve **savings of \$100,000** annually in general funds.

**Moving the responsibility of watercraft and outboard motor registration and titling from the Department of Natural Resources to the Department of Motor Vehicles.** This will allow the public to have more locations to register – the DMV operates 68 statewide offices versus the five offered by DNR. Since we have directed that some DMV offices stay open on Saturday, boat owners will have more flexibility and convenience when registering their boats. Finally, DMV can offer boat licensing and registration without increasing staff. This move will free up approximately **\$1,573,491 in funding that can be used for enhanced boat safety enforcement related to "Drew's Law"** for DNR.

**Moving Car Dealer Licensing, Regulation and Enforcement to the Department of Labor, Licensing and Regulation,** with funding coming from greater fee and fine income associated with the licensing of dealers, will allow a **reduction of \$652,208** annually to DMV's budget. Currently, the Department of Motor Vehicles enforces all laws pertaining to the buying, selling, and exchanging of motor vehicles in the state. This enforcement is accomplished primarily with general recurring funds. We feel that LLR should be the central licensing and regulatory agency within the state. As such, we propose moving the dealer licensing function to LLR. Additionally, as with other regulated industries, we propose that the fee and fine income obtained from dealers be sufficient to cover the expenses associated with the regulation.

***Making Tough Choices:***

Given the state's finite amount of resources, we had to make some difficult choices regarding which activities to fund or not fund. While the activities listed below may well have merit, when comparing them with other activities, we did not think their

anticipated outcome would be as effective in achieving our goal. The following reflects some of those difficult choices:

**Reducing Bureau of Protective Services** expenses to a level where the full costs of security are provided by those agencies which utilize Bureau of Protective Services' services will **save \$200,811** annually in general funds. Currently, the Department of Public Safety provides security to various state agencies through contractual agreements. Unfortunately, these agreements require that the department absorb some of the costs associated with providing this security. This is evident by the department utilizing general recurring funds to pay for this activity. We propose that the department renegotiate the existing agreements in a way that reflects the actual cost of this service.

**Consolidating State Guard** expenses to a level where the administrative function of the guard is provided by other staff within the Adjutant General's Office will allow a **reduction of \$193,634** annually in general funds. The State Guard currently consists of 1,270 volunteers that provide logistical support during state emergencies. While certainly important to the state, we feel that the coordinating function associated with this activity could be absorbed by the agency.

**Privately funding Funeral Caisson expenses**, which we proposed in our budget last year, will result in a **reduction of \$99,000** annually in general funds. Since 1999, the Adjutant General has maintained eight horses donated from Arlington National Cemetery's Caisson Unit. The horses are stabled and maintained by the local volunteer caisson unit in Charleston. We encourage those maintaining this unit to solicit for donations in order that this honorable tradition may continue.

**Reducing expenses associated with the Criminal Justice Academy Liaison** will result in **savings of \$116,530** annually in general funds. This Liaison works at the academy primarily in a training position. While important to the state, we feel that this position could be absorbed by the agency.

**Reducing law enforcement expenses associated with the H.L. Hunley** will result in **savings of \$199,659** annually in general funds. We encourage the Hunley Commission to retain the services of local law enforcement or a private security firm to provide for the security of this important state artifact through admission or other revenue associated with the Hunley.

*Please see the Appendices for a complete listing of the Governor's Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

Strengthen Government's  
Ability to Achieve Its Results  
Efficiently and Effectively

## **Strengthen Government's Ability to Achieve Results Efficiently and Effectively**

South Carolina's government agencies are often hampered by their outdated and cumbersome policies and structures, which prevents them from providing more efficient and effective services to taxpayers. We think that it is time to unburden government from these counterproductive practices and restraints by changing policies and structures of specific agencies and statewide practices applying to all of state government.

Some of these practices made sense in historical context, but a changing business environment and modern technology have made many of them obsolete. Some outdated examples include: an executive branch structure where only 14 of more than 70 executive agencies report to the Governor; state personnel rules that make it nearly impossible to transfer employees more than 30 miles from their current location; more than 2,000 different, uncoordinated computer servers spread across state agencies; and a CIO who reports to a board of five different elected officials and has little authority to effectively manage information systems in the state. In this section of the budget, we look at ways to improve statewide government structures and policies in order for it to operate more efficiently and effectively.

Governor Sanford's Goals for **Strengthening Government's Ability to Achieve Results Efficiently and Effectively** are to:

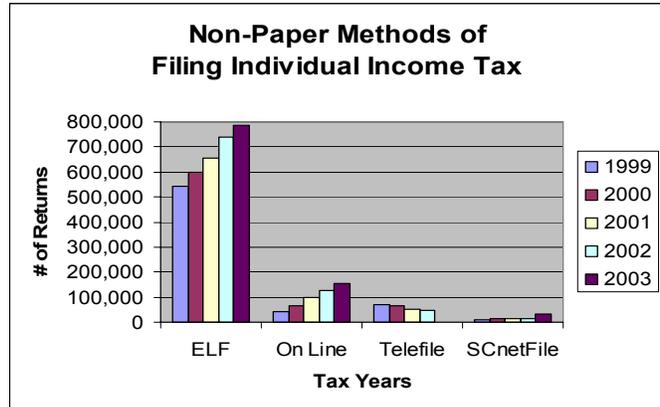
- ✓ Reduce fractured lines of responsibility in the executive branch of government.
- ✓ Fix our retirement system so it can meet its obligations.
- ✓ Modernize state human resources regulations to improve efficiency.
- ✓ Manage state-owned real estate more cost effectively.
- ✓ Use information technology to save money and improve productivity.

### **Developing our Purchasing Priorities**

To develop our purchasing priorities, we first looked at the major indicators of success to determine whether state government is currently reaching its goal of operating efficiently and effectively. We found South Carolina is performing well in some areas; however, there are many opportunities for improvement.

**Where we are succeeding**

South Carolina is nationally recognized for its efficiency in collecting revenues. We have one of the highest percentages of tax returns filed electronically or with non-paper methods. For the 2004 filing season, the Department of Revenue received nearly one million returns via non-paper methods, allowing our state to efficiently collect 64.4 percent of tax dollars electronically, up from 59.4 percent in FY 2002-03. South Carolina’s tax administration is also ranked by the Council on State Taxation, a national tax-watchdog group, as one of the top states in the nation in its “fair, efficient, and customer-focused” service. In 2002, South Carolina also implemented a lottery as another method for raising revenue specifically earmarked for education. Since that time, the lottery has been effective in bringing in nearly \$700 million in additional revenue for the benefit of both our higher education and K-12 systems.



While our spending has not always been in line with our revenues, we have done a better job than many other states in maintaining a commitment to fiscal discipline. South Carolina is one of a few states to maintain a AAA credit rating through some of the most difficult fiscal years since the Great Depression. When our administration discovered that a \$155 million unconstitutional deficit remained from FY 2001-02, we worked with leaders in the House and Senate to pay it off within one year. We give credit to the four other members of the Budget and Control Board: Comptroller General Eckstrom, Treasurer Patterson, Ways and Means Chairman Harrell, and Senate Finance Chairman Leatherman, for following through on their commitment to help enact the Fiscal Discipline Act, which provided a means for dealing with the unprecedented challenge to our state’s credit.

Over the past couple of years, we have become more efficient in managing our state’s real estate assets. At the request of members of the Budget and Control Board, the General Services Division pulled together an inventory of all state-owned and leased space in the Columbia area and is in the process of making recommendations for better utilizing that space. We urge them to create a similar inventory for all state-owned and leased property throughout the state so that we can make the most efficient use of our real estate assets. Also at our request, the Board has become more proactive in liquidating surplus property. They currently have nearly \$10 million in surplus property under contract to be sold with twenty additional properties likely worth over \$50 million that could be liquidated within the next 18 months. Both the state and the local community in Columbia stand to gain significantly from the sale of the most valuable tract of property on the list – the greatly underutilized State Hospital on Bull Street,

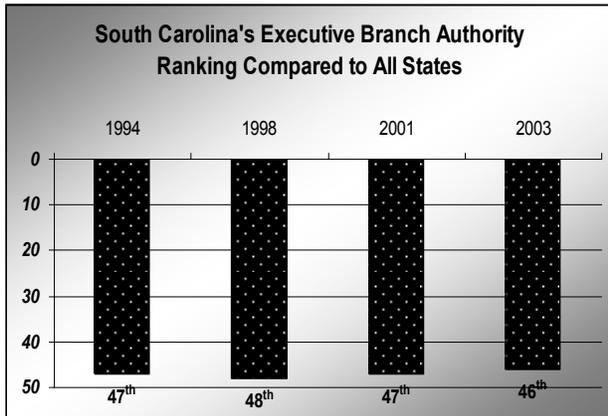
**STRENGTHEN GOVERNMENT’S ABILITY TO ACHIEVE ITS RESULTS EFFICIENTLY AND EFFECTIVELY**

which is in the process of being vacated. After the planning process is complete, the 180-acre campus will be returned to local property tax rolls, facilitating downtown revitalization in lieu of the largely dormant campus of dilapidated buildings that we currently have.

Last year, we proposed competitively sourcing the management of our state’s vehicles. This spring we expect to receive a consultant’s report containing more specific recommendations, which will potentially save the taxpayers millions of dollars while providing more effective vehicle services for state employees. We encourage the General Assembly to act on those opportunities in the coming fiscal year.

***Opportunities for Improvement***

There are still vast opportunities for improvement that, if utilized, can help state government operate more efficiently and effectively. As we have repeatedly stated, we strongly believe that South Carolinians need improved accountability mechanisms for performance in the executive branch. We must reduce the current fractured lines of responsibility so that “single-source accountability” rests with the governor, thus following the model used by the federal government, most state governments, and the private sector. South Carolina state government ranks 46<sup>th</sup> in the nation in single source



accountability for the day-to-day operations of state government. Only 14 of the 70-plus agency directors work directly for the governor and eight others are independently elected. Most of those who are not directly accountable to the governor work for part-time boards or commissions, members of which are not directly accountable to the taxpayers. This structure often leads to inefficiency and poor service for our citizens and is a contributing factor to the high cost of government in our state.

To protect our commitment to state employees and retirees, we must stabilize our retirement system. The State Retirement System, as it currently exists, will be facing severe financial stress in the years to come. The system was sound before the TERI program was introduced and before we moved from 30 years to 28 years of service to qualify for retirement. As was extensively discussed in the “Run it Like a Business” section, our current actuarial projections will likely prevent us from providing cost of living increases for retirees as early as FY 2005 -06. We believe that we must act now to meet our commitments to current employees and retirees. At the same time, we have to offer fair, sound retirement options to new state employees and be truthful about their retirement expectations. In addition to contributing to our retirement system’s

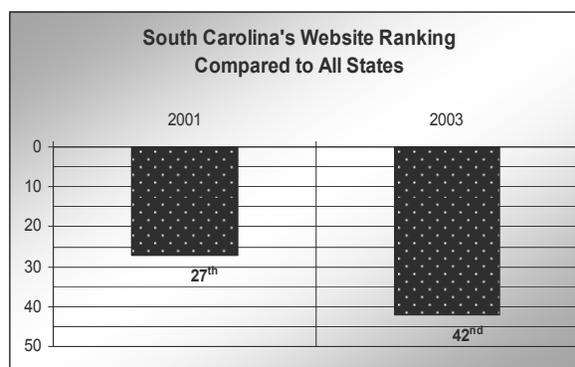
instability, the TERI program is a hindrance to many managers' abilities to manage their employees.

To give our agency directors the management tools to run their agencies more effectively, we need more uniform and flexible human resource policies, and incentives to keep high-performing employees. The Budget and Control Board has an Office of Human Resources that provides guidance on human resources issues throughout all branches of government. In addition, each state agency has its own human resources department, resulting in duplication of efforts and uneven staffing between agencies. For example, some agencies have one human resources support person for 30 or fewer employees, while the statewide average is one human resources support person for every 137 employees.

Many of our human resources regulations have not been modernized for the 21<sup>st</sup> century workforce, placing severe limits on the ability of our managers to manage. For example, the state's human resource procedure regarding vacancies is particularly inefficient from a management standpoint. The state's "reduction-in-force" requirements allow or even require an agency to place unqualified people into jobs for which they are not suited. Currently, after state employees complete their probationary period, over 98 percent are largely protected from being removed from the state payroll – even, in some cases, in spite of poor or mediocre performance.

Although we provide incentives to numerous highly paid managers to stay in government even after they qualify for retirement, many government agencies suffer very high levels of turnover among front-line service providers. For example, the Department of Corrections in FY 2003-04 had a 65 percent turnover rate of their correctional officers (738 correctional officers) within two years of employment. In addition to the problems with employee morale and performance, this turnover is very expensive for the taxpayers as it costs Corrections an average of \$3,500 per new hire for training. While this turnover rate needs to be improved, it is actually down 9 percent from the 74 percent turnover rate this administration inherited when coming into office in 2003.

We have identified other areas that can be improved upon to strengthen the efficiency of state government. A centralized IT system with a coherent architecture makes data more quickly and easily accessible to state employees and taxpayers. Currently, state agencies (excluding higher education) have 2,023 different data servers, reflecting very little central control and poor resource allocation. This is an expensive and inefficient way to run the state's IT



structure. In addition, the state's CIO reports not to the Chief Executive, but to the Budget and Control Board. The current CIO has little authority to manage state information systems, and much of the effort in the CIO's office goes toward collecting service fees from state agencies — often at a “profit,” which is akin to the old adage of “borrowing from Peter to pay Paul.” The current fractured IT management system is also taking its toll on the state's ability to communicate and interact with citizens via the internet. The *Governing Source Book* for 2004 provides rankings of states' websites in comparison to sites in other states. South Carolina's ranking has dropped 15 positions over the past three years to put us at 42<sup>nd</sup> in the nation. These standings are important indicators of how easy it is for citizens to access state services over the internet.

While the vast majority of citizens voluntarily pay what they owe to the state, there is a segment of citizens and businesses that owe significant debts to various state agencies. Collections of these delinquent debts could be improved through centralizing collection resources, cross-referencing debt and payment information between agencies, and ensuring that vendors doing work for state entities do not have outstanding state debts.

A recent Budget and Control Board survey of state-controlled property revealed over 1,000 vacant offices or cubicles within the Columbia area alone. This is an inefficient use of state resources and a waste of taxpayer money. We believe similar inefficiencies in facility management also exist outside of the Columbia area, representing tremendous opportunities to consolidate space, sell unused facilities, and co-locate services to create one-stop shopping opportunities for citizens across the state.

### **Purchasing Priorities**

Having determined where we are succeeding and where opportunities for improvement exist, we next identified some proven or promising strategies that will determine our purchasing priorities and best achieve our goals. The key strategies we identified are as follows:

Reduce fractured lines of responsibility in the executive branch of government. We need to pass substantive restructuring legislation to make the executive branch more accountable to taxpayers. Our restructuring proposals, pared down from last year's proposals, are a step in the right direction towards making key functions of state government, primarily health care, education, and administration, more directly accountable to the governor's office, and thus to voters.

Fix our retirement system so it can meet its obligations. Stabilizing the retirement system is necessary to meet the promises we have made to our current and future retirees who devoted their careers to working for our state and local governments. We propose changes in eligibility requirements and in the TERI program that would help restore the financial integrity of the system.

Modernize state human resources regulations to improve efficiency. Managers and employees need more flexibility to provide effective service to citizens in the 21<sup>st</sup> century. Our proposed changes to human resources regulations and staffing will save taxpayers money and increase managers' ability to change their agencies' staffing plans as changing circumstances require.

Make revenue collection more efficient. We need to collect debts owed to the state and spend less money where possible to bring in revenues. We propose significant savings in advertising and retailer commissions for the lottery, which should redirect additional dollars into K-12 education without impacting overall lottery revenues.

Manage state-owned real estate more cost effectively. By disposing of excess property and co-locating state agencies that deal directly with the public, citizens can take care of state business without having to search through a myriad of locations. We continue our efforts, begun in last year's budget, to identify and dispose of excess state property in the Columbia area. We propose extending this effort to state-owned property in all other regions.

Use information technology to save money and improve productivity. In recent years, other states, most notably Virginia, have realized large savings and improved customer service by modernizing and streamlining their information systems. There are substantive opportunities for South Carolina to build on their successes. We propose restructuring the CIO's office to make it more accountable and give it greater authority. We also propose specific savings from consolidating data operations and improving telecommunications efficiency.

**Governor’s Purchasing Plan – Highlights**

We address our state’s fiscal problems by purchasing only those administrative services most needed by citizens. We do not purchase some services that, while still considered valuable, have been identified as lower priority. The following table identifies key purchases within our Executive Budget’s total state administration purchasing plan as well as examples of what is not purchased. Detailed highlights of our purchasing plan are provided below the table.

<p><b>Strengthen Government’s Ability to Achieve Its Results Efficiently and Effectively</b></p>		<p><b>Examples of what our plan buys:</b></p>
<p><b>Purchasing Plan:</b></p> <p>\$60,600,054 General Funds</p> <p>\$223,524,337 Total Funds</p>		<ul style="list-style-type: none"> <li>▪ Employee merit and other pay increases totaling over \$28 million.</li> <li>▪ No increase in employee’s health care premiums and increased health plan reserves.</li> <li>▪ Nearly \$158 million to restore trust funds “raided” in recent years to cover spending.</li> <li>▪ Prepayment of nearly \$52 million in bonds to lower our overall debt and carrying cost.</li> <li>▪ Resources to enforce our tax collection laws.</li> <li>▪ A statewide accounting system (tied to reform of our IT governance).</li> <li>▪ A legislative Sunset Commission.</li> <li>▪ Electronic campaign disclosure.</li> </ul>
<p><b>Savings Proposal:</b></p> <p>\$42,975,578 General and Other Funds</p>	<p><b>Examples of what our plan does not buy:</b></p>	
		<ul style="list-style-type: none"> <li>▪ Lottery retailer commissions in excess of the national average.</li> <li>▪ Some lottery marketing and promo items.</li> <li>▪ Hotel reimbursements above federal rates.</li> <li>▪ Administrative excess in the CIO’s office.</li> <li>▪ A second or third annual leave payout for state employees.</li> </ul>

**Our Plan Buys:**

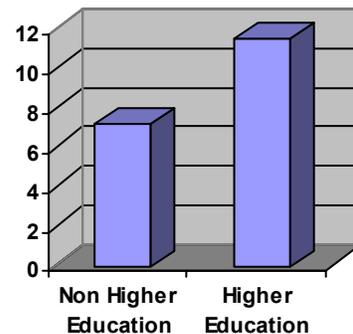
**Increased pay for targeted state employees** through innovative efforts to allow state agencies to address critical needs and provide incentives to their best employees. We are providing over **\$28 million in new funding**, which would roughly be the equivalent of a two percent across the board pay raise. However, we propose targeting our available dollars so that we can provide a bigger pay increase to those services where it will be the most effective.

In South Carolina, we have typically avoided targeted pay plans in exchange for across the board pay increases that benefit everyone equally. However, we have not been

successful in treating all state employees the same. As revenues tightened over the past couple of years, most state agency employees went without pay increases. In fact, before the pay increase offered in our current budget year, only eight percent of non-higher education employees received an increase in pay over the previous couple of years. On the other hand, largely due to double-digit increases in tuition and the influx of hundreds of millions of dollars in lottery scholarships, approximately 40 percent of higher education employees receive a pay raise every year.

Not surprisingly, as of September 2004, the average wage for a higher education employee was \$45,366 – up 11.5 percent from 2000. Over that same period, the average wage for non-higher education state employees increased at a much slower 7.2 percent to \$32,899. Furthermore, an across-the-board pay raise that includes higher education employees leads to inflationary pressures on tuition. Given that we have a comparatively high cost higher education system and we are proposing to limit increases in tuition to the higher education price index, we propose for this one year to allocate the full \$28 million we have allocated for pay increases to state agencies rather than higher education institutions.

**Percentage of Average Salary Increase 2000-04**



Targeting our pay increases to state agencies allows us to provide the equivalent of a three percent pay increase to agency employees for the same \$28 million that would have bought a two percent pay increase for all state employees. In this budget process, we have avoided across the board cuts or increases, preferring instead to provide more resources to our highest priority activities. We think that our most important asset – our state employees – deserve nothing less.

Some areas of government, such as Corrections and Human Services, are experiencing high levels of turnover among direct service providers. Recruiting, hiring, orienting, and training new staff is expensive. For example, as mentioned earlier, the Department of Corrections in FY 2002-03 had a 65 percent turnover rate of correctional officers within two years of employment, at an average training cost of \$3,500 per new hire. Other agencies, such as the Department of Social Services and Department of Public Safety, have a similar need to maximize funding to their front-line employees.

On the other hand, some agencies are eager to implement pay for performance plans and incentives. Over the past 25 years, government in the United States has slowly begun to implement what most successful businesses already know and follow – targeted bonuses and pay incentives that often lead to improved employee performance. Today many state governments and the national government offer pay for performance plans. For example, the state of Florida requires local school districts to allow teachers and principals to earn five percent of their salary through performance – generally

related to student improvement. Our own state's Vocational Rehabilitation Department has also had a pay for performance plan in place for several years.

In providing pay increases to state employees in the past, our state has traditionally provided cost of living adjustment increases to the non-state employees who receive salary supplements from DDSN, DAODAS, and the Office of Aging. However, the state obviously does not provide pay increases to employees of most vendors that have a relationship with the state. As these are not employees of the state but of entities that have a contractual relationship with the state, we think it should be the duty of those contracting entities, not the state, to provide pay increases to their employees. Therefore, we propose reallocating the **\$2.3 million** equivalent of a cost of living increase to non-state employees **to service delivery for those three agencies**. The agency directors may use the funds to increase the amount of their contracts with their service providers who can in turn provide salary increases to their employees. However, providing flexibility to the agency director would, for example, allow DDSN to use these funds to reduce the waiting lists for some of our state's residents with severe disabilities.

One size does not fit all. Rather than try to prescribe a pay plan to fit the needs of every agency, we should provide resources to our agency heads and let them decide how best to solve their human resource challenges with those funds. For some agencies, that may involve only providing a pay increase or bonus to their front line employees. For example, if the Department of Corrections targets their pay increase towards guards making under \$30,000, they can provide them with a seven percent increase in pay. This would increase the starting wage for a Correctional officer from \$20,645 to \$22,090. As this would provide starting guards with a salary of three percent above the Southeastern average, we hope the dollars would help further reduce Correction's rapid turnover of these critical positions. Targeting these dollars to agencies and allowing agency heads the freedom to direct them to their areas of greatest need can solve similar staffing problems statewide.

**Continued health care coverage with no increase in employee's premiums.** After years of double-digit premium increases, we propose a net funding increase of over **\$28.6 million** in general funds towards the state employees' health plan. State employees have seen significant increases in the cost of their health insurance over the past couple of years as the state has failed to fund its portion of premium increases. Along with some prudent modifications to the State Health Plan which we will propose to the State Budget and Control Board, this increase in funding will allow employees to receive their same health care coverage *with no increase in premiums* after years of double-digit increases.

In addition to the rising cost of employee health care coverage, the state has raided nearly all of the cash reserves from the State Health Plan over the past few years leaving the plan in a precarious position. As recently as 2000, the state had a fiscally conservative 45-day reserve of approximately \$135 million on hand, but the number has fallen to an actuarially unsound zero-day reserve in the past few years. It is crucial that

our state employees' health plan be solvent; therefore, we propose that all "**Maybank Money**" collected in the next year go towards restoring the plan's cash reserves. Given the uncertainty and seasonality of collecting these uncertified monies, we believe that this estimated **\$45 plus million should go towards this type of trust fund repayment** rather than agencies' operating needs that could be subject to service reductions if the funds fail to materialize in a timely fashion.

**Partial restoration of "raided" trust funds.** Over the past few years, the General Assembly has used money from a number of trust fund accounts to make up for critical revenue shortfalls. We feel it is imperative to begin restoring those funds, especially given the amount of one-time funds available next year. Therefore, we propose a total of **\$157,941,227 in one-time revenue to restore trust funds**. This number includes the minimum \$45 million in "Maybank Money" we expect to collect and add to the State Health Plan Reserves as well as the other restorations detailed below:

The General Reserve Fund is the state's "rainy day" fund established by the state constitution at a level of three percent of the last completed fiscal year's general fund collections. Its purpose is to be the "last resort" in preventing a year-end deficit. The three percent requirement for FY 2005-06 is \$153,488,394. With a current balance of \$75,154,528, we recommend that **\$28,333,866 of the surplus funds along with the \$50 million** reduction from our recurring revenues be allocated to the General Reserve Fund to restore it to its constitutionally mandated level.

In FY 2002-03, \$50.8 million was redirected from the Insurance Reserve Fund (IRF) to the general fund to help offset overall revenue shortfalls. This loss of cash has negatively affected the ratio of loss reserves to equity, which is a primary measure of financial strength for an insurance fund. Actuaries recommend that the Insurance Reserve Fund have no more than \$1.50 in projected liabilities for each \$1 in assets – a 1:1.50 ratio. Currently, for each \$1 in unencumbered assets, the Insurance Reserve Fund has liabilities projected to be \$8.87 – a 1:8.87 ratio. Therefore, we recommend that **\$6.5 million from the Capital Reserve Fund and \$2.1 million of surplus funds** be used to begin restoring financial stability to the **Insurance Reserve Fund**.

Another vital state trust fund will be used to maintain and monitor the low-level radioactive waste disposal site in Barnwell County. The disposal site is currently leased to Chem-Nuclear Systems. Following closure of the disposal site, the state will assume responsibility for ongoing monitoring and maintenance during an institutional control period that will last at least 100 years. A special escrow account, funded through a surcharge on waste disposed at the site, was established in 1971 to pay for all costs of monitoring and maintaining the disposal site following closure. A 2002 study by the Budget and Control Board on the extended care fund concluded that with the expected fund expenditures, interest earnings, and new deposits, a minimum balance of \$70.7 million was needed in the fund as of July 1, 2002, in order to pay for extended care expenses. Since FY 2000-01, over \$90 million has been withdrawn from the fund and used for recurring spending items in the budget. At this time, the fund balance is

approximately \$23.6 million – well short of the amount reportedly needed to adequately maintain and monitor the site. We propose to more than double the monies in this fund by adding **\$25 million** from this year’s anticipated surplus to begin restoring the **Barnwell Trust Fund**. We also propose **\$942,290** to fully restore funding to the **Pinewood Trust Fund**.

A recent editorial in *The State* said, “Our government is built on public trust. Raiding trust funds, then refusing to pay them back, is a perfect way to erode that trust.” We remain hopeful that this year we can work with the General Assembly to begin restoring both our state’s trust funds and our public’s trust in our state government to secure our reserve funds for future emergencies.

**Prepayment of bonds.** As discussed earlier, our state’s annual debt service has nearly doubled in the past five years and is estimated to pull \$240 million next year from our funds available for other recurring expenses. While some argue that we should issue additional bonds and increase our debt load, we already feel uncomfortable with our current \$240 million in annual debt service as those funds could otherwise have been used to fund items like additional teachers’ salaries, more prison guards, or increased disease prevention efforts. As we have a significant amount of one-time funding at our disposal this year, rather than using it to start new programs, we propose using **\$45.3 million from the Capital Reserve Fund to pay down some of the state’s outstanding debts** and free up recurring dollars for our other needs.

Specifically, we recommend using up to \$16 million to retire the following outstanding Budget and Control Board lease revenue bonds:

- |   |                               |
|---|-------------------------------|
| Series 1986 (Adjutant General)            | Series 1999 (Robert Mills)    |
| Series 1994 (Harden Street Facility)      | Series 2001 (Arts Commission) |
| Series 1997 (Columbia Mills-State Museum) |                               |

The State Treasurer's Office has estimated that this early retirement will generate more than \$1.27 million in gross savings over the remaining term of these bonds and would free up \$4.7 million in recurring appropriations next year. We have deducted the following rent monies from our proposed appropriations to the following agencies as a result of this prepayment. It is important to recognize these are not budget cuts for these agencies. We assume that a newly formed Department of Administration will not charge any base rent to these agencies as there will be the following reductions to their debt service:

Adjutant General	\$ 466,000
DSS-Harden Street Extension	596,000
DHEC-Robert Mills	594,000
Arts Commission	186,000
Columbia Mills Bldg (3 agencies)	
Department of Revenue	1,045,060
Museum	1,726,213
<u>B&amp;CB (Confederate Relic Room)</u>	<u>139,727</u>
<i>Total rent reductions</i>	<i>\$4,753,000</i>

In addition, we propose that the remaining \$29.3 million from the Capital Reserve Fund be applied to the early retirement of State Capital Improvement Bonds and/or State School Facilities Bonds according to the Treasurer's Office analysis of market conditions at the specific date funds become available. As of this writing, that issue would be the Series 2001B Capital Improvement Bonds. The Treasurer's Office has estimated that this will generate \$1.9 million in gross savings and free up \$7.7 million in recurring appropriations next year.

Though these early payments will only have a small impact on the state's overall debt burden, it is a down payment on a policy we believe is critical to making us more competitive and easing the overall burden to South Carolina's taxpayers. In total, our proposal to pay off \$45.3 million worth of our state's debt will produce \$3.17 million in gross savings and **free up \$12.4 million in recurring monies next year**. We have taken these recurring savings from the debt service payments and from those agencies that should see the rent reductions from the payoff of their real estate bonds.

It's important to note that the recurring appropriations freed up by this debt repayment will only be available in future years assuming the General Assembly does not authorize the state to take on future debt to replace the debt we propose paying off.

**Full payment of the bonds related to New Ellenton debt service.** For several years, the state has been paying debt service on high interest rate (7.2 percent) bonds issued by the New Ellenton sewer district. The town issued the bonds in 1990 but has been unable to make significant payments on the debt since 1996. Rather than continuing to make the annual payments, we propose **paying off that bond with \$3,916,811 from the Capital Reserve Fund**. We would recoup this money by selling the assets to a private sector operator, by intercepting future state payments to the municipality, or by requiring the municipality to make payments to the state. Paying off the debt would provide total interest savings of \$1,127,911 and **free up recurring general funds of \$420,000** annually. We hope that the example of the New Ellenton sewer district will remain seared in our collective consciences as a reminder of the potentially hidden costs from any bond issue.

**An annual payment of \$2.4 million in debt that the Ports Authority owes the Army Corp of Engineers.** The State Ports Authority owes the Army Corp of Engineers \$13.1 million from a harbor deepening project as well as \$2.2 million to settle a legal claim. We propose allocating paying this year's installment of the debt as requested by the Ports Authority.

**State match for natural disasters such as hurricanes and ice storms by providing \$3 million** to the Adjutant General's Office. In preparation for and in the aftermath of natural disasters such as hurricanes, tornadoes, or winter storms, the state is faced with the responsibility of clearing debris, repairing public roads, and utility infrastructure and providing additional law enforcement, security, and traffic control. When these costs exceed a federally established threshold the state becomes eligible for

assistance from the Federal Emergency Management Agency (FEMA). This program reimburses the state for 75 percent of the eligible approved costs. Currently, after having experienced four federally declared disasters in 2004 (a record in South Carolina), reserves for the state matching portion have been depleted. We propose the creation of a disaster contingency account of \$3 million to be funded from the Capital Reserve Fund. This additional funding will allow us to speed disaster relief to local communities.

**Electronic campaign disclosure for candidates and elected officials.** We believe a critical element to ensuring an open and democratic government is informing voters about campaign expenditures and donations from individuals and special interest groups. While we were successful in working with the General Assembly to pass an improved campaign finance law last year, access to that information is limited because voters must go to the State Ethics Commission office and make copies for 50 cents per page to access it. Electronic filing could also reduce the labor needed to input approximately 20,000 forms received prior to an election. South Carolina is actually one of only three states in the country that does not offer campaign finance information via the internet. A national survey from the Pew Charitable Trusts ranked South Carolina 49<sup>th</sup> in the nation in our adequacy of campaign finance disclosure. A 2004 report titled “Grading State Disclosure” actually ranked ours as the worst state in the country on the same topic. We believe a voter’s ability to make fully informed decisions is a critical component of good governance, and, therefore, we propose **\$300,000 in Capital Reserve Funds and \$18,000 in recurring funds** to create an electronic reporting system that will provide our citizens with full access to candidates’ campaign disclosure information.

**A Sunset Commission to evaluate whether government programs should be continued.** Last session, the House of Representatives passed a measure which would have created a Sunset Commission as described earlier in our “Fix the Structure” section. Unfortunately, the legislation creating this legislatively-controlled division of the Legislative Audit Council was not adopted by the Senate. Our budget provides **new funding of \$585,570** for the creation of a Sunset Commission next year.

**Tax collections, compliance, and processing.** In recent years, our cost of tax collections has been reduced to \$.00678 per dollar. Enforced collections exceeded \$300 million and total collections exceeded \$6 billion. We propose **funding at \$18,785,674** in general funds for tax collections, compliance, and processing.

**Taxpayer assistance.** Taxpayer assistance includes the Contact Center as well as regional and satellite offices that provide statutory compliance with registration, licenses, and explanation of correspondence and forms. Taxpayers need a clear, trustworthy channel of communication to answer their questions about the taxes they pay. We propose to **maintain funding at \$3,470,224 in general funds.**

**Statewide budget development analysis and implementation.** The Budget and Control Board's Office of State Budget assists the Governor and General Assembly in the preparation and implementation of the annual state budget. The Office of State Budget provides critical input to the executive and legislative budgeting processes. We propose to **maintain funding** at **\$2,172,237** in general funds.

**Procurement management and monitoring.** The Office of Materials Management (MMO) assists agencies with major procurements statewide. We feel it is important to manage the workload between the MMO and individual agencies, so that the MMO's expertise is reserved for especially large or challenging procurements. Agency staff trained in the procurement code should handle smaller, routine procurements. If this allocation of procurement services between MMO and the agencies is properly balanced, the backlog and lag time some agencies have complained about in the past year may be handled more efficiently. We also support MMO's proposed changes to the procurement code to modernize a few key elements in the procurement process. We propose to **maintain funding** at **\$1,472,677** in general funds.

**An integrated financial reporting and management system for the state,** which is essential to standard and meaningful multi-year technology planning. A Chief Information Officer in our proposed Department of Administration would lead to innovation in technology, strategy, and oversight. A strengthened CIO could ensure cost-effective, reliable delivery of technology infrastructure and services, as well as governance that involves *all* stakeholders in technology decision-making in state government. A CIO accountable to one person rather than a board is also critical to successful implementation of the South Carolina Enterprise Information System (SCEIS) project.

A great deal of planning and development has gone into a five-year proposal to update and consolidate our state's antiquated accounting systems, and a pilot test at the Department of Mental Health came in on time, on budget, and producing significant savings in work process improvements in its first year. While this project offers a potential of up to \$120 million dollars in annual work process savings after five years of implementation, it also brings the potential for significant scope-creep, cost over-runs, and failure if it is not managed properly. In a 1999 report on IT procurement, the National Governor's Association (NGA) Center for Best Practices says simply that "most large and complex IT projects run into problems....eventually the project is completed at a cost higher than anticipated or is abandoned if costs get too high." Given our state's difficulties in recent years with managing large IT projects such as DMV's "Project Phoenix" and the SCEIS project at DSS, we should all be concerned about attempting this large project spanning across most state agencies with our current IT structure.

Under the current structure, the Governor does not have the ability to be held responsible for this project as the CIO answers to the Director of the Budget and Control Board, who answers to five separately elected officials. Reports from entities such as the

well-respected IT consultants the Gartner Group, the NGA's Center for Best Practices, and our state's Management, Accountability, and Performance Commission all point out that that a CIO directly accountable to the Governor is a, if not the, crucial component to a state's successful use of IT. However, in a January 2003 report assessing state's management of IT, the Gartner Group finds South Carolina to be the only state in the Southeast or the Middle Atlantic with a CIO position with narrow influence and structurally deficient depth of support.

If a restructuring plan to make the CIO more accountable to the Governor is adopted by the General Assembly next legislative session, we will support **new funding** in the amount of **\$5,500,000 in capital funds and \$ 1,826,000 in recurring funds** for next year's planned implementation of the five-year SCEIS project. We believe this is a significant opportunity to reform South Carolina's government and make it more efficient. We hope to be able to fully support this project without reservations once we have the structure in place that will greatly increase its chances of successful implementation.

### **Our Plan Saves by:**

**Restructuring for a more accountable executive branch.** As discussed in the "Fix the Structure" section, staff of the Legislative Audit Council, members of the MAP Commission, and many other task force participants before them share our belief that we need to restructure our executive branch to provide better services to the citizens at less cost to the taxpayers. Specifically, the primary elements of our restructuring proposal are the following: 1) Reducing the number of constitutional officers; 2) Consolidating agencies that deliver health care services into one cabinet-level agency; and 3) Moving administrative functions into a cabinet-level Department of Administration. The **total dollar savings over five years – \$96 million in state funds and \$137 million total funds** – from adopting our restructuring proposals are recognized in the separate budget goal areas that would be impacted. We have also proposed **\$2 million** to be held by the Budget and Control Board to pay for any one-time costs associated with any agency restructuring next year.

**Reforming our retirement system policies.** In the "Run it Like a Business" section of our budget, we have outlined both the challenges our retirement system faces and our proposals to reform the system. We will support legislation that moves the system back to 30-year retirement for newly hired state employees, eliminates the TERI double-leave payout, restricts how the state pays for COLAs for retirees, and unifies the management of the system's investment portfolio, along with providing more flexibility to invest in equities. Most of these changes address our unfunded retirement liability and do not affect the FY 2005-06 budget.

However, the Retirement System estimates that eliminating the first leave payout for TERI would **save agencies approximately \$7 million** in annual leave payouts next year. As these expenses are not budgeted and cannot be planned, the savings cannot be identified in agencies' budgets. This issue is especially critical in the upcoming year as the first group of TERI participants hits the five-year mark next year and will be taking their second annual leave payout from agencies' budgets. The crunch of first-year leave payouts from new employees entering the TERI program could prove devastating to many agencies' ability to effectively deliver services in the upcoming year. We must pass legislation in the 2005 session to avert this problem.

**Reforming our human resources policies.** Human resources administrative support needs to be re-allocated at a consistent level throughout state government – approximately one human resources administrator per 137 state employees. In these tight budget times, agencies need the flexibility to reassign employees to address and equalize workloads in locations throughout the state. Additionally, South Carolina is the only state in the Southeast that forbids reassignments of state employees in excess of 30 miles from an employee's current principal place of work. In some situations, this precludes an employee from being reassigned to offices in his or her own hometown if it was in excess of 30 miles from their current office. This

***Saving Time and Money for South Carolina Businesses***

South Carolina Business One Stop (SCBOS) is an ambitious effort to provide one-stop filing and payment for licensing transactions with certain state agencies, principally the Department of Revenue, Secretary of State's Office, Department of Health and Environmental Control, and Department of Labor, Licensing, and Regulation. The system will offer three advantages:

- 1) It will greatly reduce for citizens the amount of paperwork, time, and professional fees required for all incorporations and many licensing transactions with the state.
- 2) It will allow citizens to register and pay via the web. (While the Department of Revenue offers this capability for many transactions today, the other agencies do not.)
- 3) It will greatly reduce the paper filings and extra handling time imposed on the state agencies.

In the long term, DOR hopes to include other state agencies as well as local governments on the system. SCBOS is principally staffed by DOR but is overseen by a board with representatives from several state agencies as well as municipal and county associations.

SCBOS is paid for by a dedicated funding source—the 20 percent late payment penalty assessed on delinquent tax payers. To date, the system development has run on time and on budget, and the system is expected to be functional by March 2005.

To save development time and money, DOR and LLR have worked with the DMV to adapt a credit card engine already developed, tested and implemented by DMV. With very minor modifications, this system will be a cost effective credit card engine for not only SCBOS, but also any other agency choosing to use it.

restricts government's flexibility to manage and equalize its resources across the state – especially during these tight budget times. We recommend that we join other states in doing away with this requirement.

Currently Reduction in Force (RIF) recall regulations are broadly written so that an employee affected by a RIF has to be recalled back into positions other than the position from which the employee was separated. Employees also currently have “bumping” rights outside the competitive area or classification they previously occupied prior to the RIF. We recommend that an employee affected by a reduction in force be limited to recall rights within the competitive area, state class title, and internal title or function from which they were separated. Bumping rights should only be extended to competitive areas and classes.

Over a year ago, a proviso was adopted that extended “at-will” status to employees in cabinet agencies one additional level down from executive management. This pilot initiative was designed to see if that exemption from the grievance policy would provide for increased employee accountability at this level. Critics of the change argued that there would be massive firings because of the proviso, which designated approximately 530 employees “at-will.” However, in the year and a half since this proviso was enacted, only a handful of those employees has been let go, and agency heads report that they have been able to better manage their organizations with a more responsive set of employees. This experience follows the trend of Florida and Georgia, both of which have moved toward systems expanding the number of managerial and supervisory employees designated “at-will”. We propose **standardizing our “at will” policy** to include all management employees two levels down from agency executive management and any employee earning an annual equivalent salary over \$70,000.

**Reducing lottery commissions to approximately the national average** is another idea that we proposed last year to provide significant new dollars for education in our state. When the Education Lottery was established, retailer commissions were set at a minimum of seven percent. As previously mentioned, had sales for the lottery's first year been the \$500 million that was predicted, retailers statewide would have shared in total commission of approximately \$35 million. As the lottery sales are now over \$950 million annually, total commissions are over \$66 million. In other words, retailers signed up to a program that projected average annual commissions of \$10,000 but have been rewarded with average annual commissions over \$19,000 per retailer. A reduction of retailers' commissions from seven percent to the approximate national average of six percent will still leave retailers making an average of over \$16,000 per store – 60 percent more than the initial projections. More importantly, paying retailers a six percent commission will **free up an estimated \$9.2 million** annually that can be used for education in our state.

Also, we propose limiting advertising for the lottery to one-half of one percent of the previous years' gross sales, **saving an additional \$3.1 million**. Sales predictions for the lottery's first year were \$500 million, which would have allowed for advertising

expenditures of \$5 million a year. However, as last year's lottery sales were over \$950 million, the agency is authorized to spend \$9.5 million – nearly double the original amount – on marketing and promotion. We believe that amount is too much, especially in light of a study commissioned by the South Carolina Education Lottery Commission that indicates that most lottery marketing has a minimal impact on sales. The study, conducted by Maritz Inc., one of the largest consumer market research companies in the country, indicates that the size of the jackpot, winner awareness, and point of sale advertising are by far the most influential factors in leading to increased lottery play. Their study concludes that only five percent of lottery purchasers were influenced by television advertising and showed billboard and radio advertising as even being less influential. In spite of that research, South Carolina spent approximately \$4 million – over 60 percent of our advertising budget – on television, radio, and billboard advertising for the lottery last year.

We would also question the additional \$500,000 of state resources spent on promotional items and more than \$400,000 in sponsorships that were purchased last year. A few examples of this nearly \$1 million in promotional and sponsorship items that concerned us include the following:

- Promotional Items

- \$110,000 on Lottery “Grits” – a CD of local musicians
- \$20,000 on “Shrimp & Grits” hats and aprons
- \$20,600 on blue insulated lunch bags
- \$7,400 on folding umbrellas
- \$15,000 on Palmetto seeds
- \$5,900 on camouflage koozies

- Sponsorships

- \$11,750 in Charlotte Knights sponsorships
- \$7,900 in Charleston Lowgators sponsorship
- \$21,000 in Greenville Growl sponsorships
- \$127,500 on USC Football sponsorships
- \$127,500 on Clemson Football sponsorships.

Given our overall goals of efficiency in revenue collection and increasing dollars going to our K-12 classrooms, we do not believe we should spend dollars on such gimmicks and sponsorships at the expense of education. The savings generated from reducing these administrative expenses will free up dollars to allow us to increase the Base Student Cost.

These two changes, holding the line on advertising expenditures and reigning in retailer commissions, would **increase funding available for K-12 education by \$12.3 million**. That money could be used to increase the Base Student Cost by approximately \$20 for every pupil in the state or would allow for approximately 200 new teachers statewide.

**Managing facilities more effectively.** All of the vacant offices and cubicles in the Columbia area should be filled and office space should be consolidated to free up leased space. We estimate minimum general fund **savings of \$1,391,097** from this process for the Columbia area facilities. Our savings proposal includes agencies moving into vacant state-owned space or consolidating their operations whenever possible. A good portion of these savings will come from the Budget and Control Board releasing an unneeded 40,000 square feet in the SouthTrust Building.

While the savings from some of these moves may be relatively small on an annual basis, several of them should lead to better coordination between agencies with related missions. For example, our recommendation would move the four employees from the Higher Education Tuition Grants Commission from rental space into the offices of the Commission for Higher Education, would move eight Columbia-based School for the Deaf and Blind employees into offices of the Commission for the Blind and would co-locate some administrative employees from the Department of Juvenile Justice with their counterparts from the Department of Corrections. We believe that these moves could not only lead to rental savings over years but also savings from shared resources and perhaps most importantly improved operations through shared knowledge and best practices.

Additionally, a similar study should be undertaken for state-owned space outside the Columbia area, where co-location of services would not only save taxpayers money but would be more consumer-friendly as well. In the case of a uniquely valuable tract like the 180-acre Bull Street hospital facility, we think that the state should partner with real estate specialists to market the property on a regional or national basis in order to get the maximum value for the state.

**Instituting federal travel guidelines.** Even though our state spends tens of millions annually in travel-related costs and we have countless examples of employees staying in hotel rooms costing hundreds of dollars per night, South Carolina government has no maximum rate limiting employee's hotel expenditures. A May 2004 Legislative Audit Council report on the \$4.1 million in annual travel expenses for the State Department of Education states that "the department could realize savings in its expenditures for lodging and meals," but "unlike other states and the federal government, South Carolina has no limits on the amount of reimbursement for lodging expenditures." We propose joining the federal government and other states by adopting the federal maximum amounts on hotel reimbursement rates. We also propose that members of the Worker's Compensation Commission, the Employment Security Commission, and the Public Service Commission be covered by the same guidelines as other state employees when traveling 50 or more miles from their homes. The actual savings to each agency's budget are difficult to estimate but adopting the federal hotel rates for reimbursements is certain to help agencies become better stewards of the taxpayers' dollars.

**Closing Central Supply.** We believe that the Budget and Control Board's Central Supply division, which provides office supplies to government entities, has outlived its purpose and can be closed. While it likely performed a necessary function years ago, the proliferation of office supply stores and agencies' increased use of Procurement Cards has caused Central Supply's sales to steadily drop over the past years. Additionally, decreasing sales have led to financial difficulties as Central Supply's cash expenses have exceeded cash revenues the past couple of years. As a result, Central Supply borrowed \$500,000 from State Fleet Management's \$10 million cash reserves in 2003. After liquidating their assets and paying back the note to State Fleet Management, The Budget Office estimates that the liquidation and closure of Central Supply **would provide \$154,835 in one-time funds** to the state. More importantly, our government could cease subsidizing a money-losing support function that can easily be absorbed by the private sector and better focus our attention on those areas that only government can provide.

**Reducing the Chief Information Officer's staff to peer benchmarks.** The CIO recently commissioned The Gartner Group to benchmark their operations against best-in-class operations nationwide. They looked at 3,100 current data points for peer groups in federal, state, and local government. We recommend reducing the office of the CIO's full-time staff to levels more consistent with best-in-class operations in their peer group. This would mean a reduction of 58 FTEs from the CIO's office and would **save \$2.5 million annually**, which could then be passed along to agencies through rate reductions. Agencies are already receiving an **additional \$937,707 in savings** from telephone rate reductions implemented by the CIO's office in August 2004. We propose that the CIO's office reduce their aggregate IT rates by another \$2.5 million and have captured the corresponding savings through individual agencies' budgets.

**Consolidating and streamlining data processing.** As technology is consolidated, redundant IT systems can be eliminated, hardware and software purchases can be rationalized, and managing the state's technology infrastructure can be made less labor intensive, with lower costs for personnel, maintenance, and ongoing operations. A survey of state agencies in October 2004 found 2,023 servers in 78 agencies, 85 messaging systems serving 46,911 people, and over 10 different operating systems driving the 2,023 servers. By consolidating these systems, we conservatively estimate that **\$2.5 million could be saved** annually in server maintenance. These savings will come from reductions in staffing in several areas, reduced software and maintenance costs, lower facilities cost, and lower hardware costs and ongoing operations costs. A case study from the CIO's office reports that these savings are achievable through an **implementation study costing approximately \$400,000**, which we have funded from the Capital Reserve Fund. Other benefits would be improved service and better security for all agencies. The only way to reap the benefits from these efforts is first to address the aforementioned areas of structure, leadership, and authority related to the CIO's office.

**The Veteran's Memorial** was fully funded in the current year's budget, meaning that the **\$250,000 in recurring dollars can be saved** next year. According to Budget and Control Board staff, the memorial can be fully completed with the available monies at hand, so there is no reason to maintain this recurring appropriation in the upcoming fiscal year.

**Consolidating the functions of the Procurement Review Panel** into the Administrative Law Court will provide **savings of \$110,940**. We recommend the authority and responsibilities of the Procurement Review Panel be transferred to the Administrative Law Court. The mission of the ALC is to provide a neutral forum for fair, prompt, and objective hearings for any person affected by an action or proposed action of certain agencies of the State of South Carolina. The mission of the Procurement Review Panel is to provide an administrative review of procurement contract disputes in accordance with the provisions of the South Carolina Procurement Code. We propose to expand the authority of the ALC to include review of procurement disputes in order to eliminate duplication of effort and provide further coordination of resources.

**Making Tough Choices:**

Given the state's finite amount of resources, we had to make some difficult choices regarding which activities to fund or not fund. While the activities listed below may well have merit, when comparing them with other activities, we did not think their anticipated outcome would be as effective in achieving our goal. The following reflects some of those difficult choices:

**The Civil Contingency Fund** is a reserve fund at the Budget and Control Board that is used to help an agency that runs into an expense for which it had not planned or budgeted. As less than \$7,000 was spent from the fund in FY 2003-04, and it currently has a balance of over \$170,000, we propose cutting new dollars to the fund for **savings of \$161,902**.

**Office of State Engineer.** The state should use local building inspectors to perform code inspections of all state building projects and to pre-approve plans. The State Engineer currently performs these functions only because the state declines to submit its agencies to the authority of local building inspectors – a service that is available free of charge in most municipalities. In addition, other services provided by the state engineer, such as administering construction requests for proposals and contracts, could more efficiently be provided by hiring private sector engineers as owner's representatives for state building projects. We would recommend that the chief procurement officer functions of the State Engineer be handled by an administrative hearing officer appointed by the Budget and Control Board. Costs for hiring owner's representatives would be a part of the capital expenditures of a project and could be more than offset by savings on construction costs. Eliminating this office will **save \$458,956** in general funds next year.

**Making ancillary human resources functions self-sufficient.** The Budget and Control Board provides a number of human resources services such as training and development, temporary employment services, and recruiting services to various state agencies. The Board charges agencies a fee for these services. In addition to the fees they collect, these services also receive a general fund appropriation. We propose removing the general fund appropriation for these ancillary services and require the Board to justify their expenditures entirely in terms of services provided to agencies. Removing the general fund supplement for Training and Development Services, Temporary Employment Services, Recruitment Services, Workforce Planning, and Executive Education Training will **save a total of \$ 1,279,108** next fiscal year.

*Please see the Appendices for a complete listing of the Governor's Purchase Plan for this goal area and for a detailed listing of what our plan saves and what our plan does not buy.*

# Appendices

## Revenue and Allocation Summary FY 2005-06 Governor's Purchase Plan

FY 05-06 BEA Estimate Gross General Fund Revenue (BEA Nov. 10, 2004)	5,877,678,642
Less: Tax Relief Trust Fund	(513,870,537)
General Reserve Fund	(50,000,000)
Plus: Tax Relief Trust Fund Carryforward (Bal. as of 6/30/04)	7,589,618

**Net General Fund Revenue Estimate for FY 05-06** 5,321,397,723

**Revenue Adjustments:**

Use of BEA Certified Surplus Revenue	45,572,300
One-time Contribution of Cash Surplus from DMV	6,000,000
F30 Employee Benefits FY 04-05 Excess Non-Recurring	2,900,000
Taxes and Fees Redirected from RDA's to General Funds	3,056,115
Closure of Central Supply - Sale of Assets	154,835
	154,835

**Adjusted General Fund Revenue Estimate** 5,379,080,973

**Spending Limitation Calculated as 3% of Previous Years GF Appropriation** 5,379,080,973

**Less Incremental Statewide Funding Items:**

Capital Reserve Fund	2,969,570
Local Government Fund (4.5% of FY 03-04 Revenue)	6,681,534
Local Government - Aid to Fire Districts (Under funded open-ended account)	4,695,220
State Employee and Retiree Health Insurance	28,564,752
Pay Plan-3% Increase (Excluding Higher Ed & Non-state Employees)	28,051,298
	(70,962,374)

**Net General Fund Revenue** 5,308,118,599

RESULT AREA	FY 2004-05 General Fund Appropriation	% of General Funds Excl Statewide	FY 2004-05 Total Funds	%	FY 2005-06 Executive Budget	% of General Funds Excl Statewide	FY 2005-06 Total Funds	%
Improve K-12 student performance	1,856,198,816	35.5%	3,144,946,867	18.6%	1,947,913,800	36.7%	3,299,311,025	18.6%
Improve the health of our citizens	1,120,326,668	21.5%	5,616,663,716	33.2%	1,175,269,377	22.1%	6,066,149,206	34.3%
Improve our higher education system & cultural resources	704,101,587	13.5%	3,076,750,084	18.2%	690,790,243	13.0%	3,292,150,283	18.6%
Improve the safety of people and property	492,335,156	9.4%	837,004,777	4.9%	510,873,788	9.6%	862,579,874	4.9%
Debt Service	227,973,608	4.4%	227,973,608	1.3%	232,326,608	4.4%	232,326,608	1.3%
Improve protections and well-being for our children and adults	97,682,710	1.9%	1,326,893,516	7.8%	109,363,242	2.1%	1,235,857,227	7.0%
Improve the quality of our natural resources	80,225,149	1.5%	252,167,769	1.5%	66,725,702	1.3%	277,561,525	1.6%
Strengthen govt's ability to achieve results efficiently & effectively	70,353,469	1.3%	223,164,389	1.3%	60,600,054	1.1%	223,524,337	1.3%
Improve the conditions for economic growth	55,127,311	1.1%	315,620,879	1.9%	52,681,140	1.0%	314,820,260	1.8%
Statewide - Legislative, Judicial, and Transportation	518,084,238	9.9%	1,898,890,136	11.2%	461,574,645	8.7%	1,887,874,016	10.7%
<b>TOTAL</b>	<b>5,222,408,712</b>	<b>100.0%</b>	<b>16,920,075,741</b>	<b>100.0%</b>	<b>5,308,118,599</b>	<b>100.0%</b>	<b>17,692,154,360</b>	<b>100.0%</b>

**Executive Budget Purchase Plan  
by Goal Area**

## Improve K-12 Student Performance FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan							FY 04-05 Capital Reserve Fund	
			General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds			
		<b>Cost Savings Redirected to Base Student Cost</b>															4,683,951	4,683,951
		<b>New Recurring Funding for the Base Student Cost</b>															33,603,754	33,603,754
851	School for the Deaf & the Blind	Education	6,127,806	592,440	6,488,676						13,208,922	6,127,806	602,282	6,602,066				13,332,154
799	State Department of Education	FIRST STEPS - EARLY EDUCATION	4,048,040		393,536					1,306,000	5,747,576	4,048,040		393,536		880,000		5,321,576
686	State Department of Education	Teacher Salary Supplement								220,402,230	220,402,230	12,182,841					253,018,714	265,201,555
687	State Department of Education	Teacher Salary Supplement Employer Contributions								41,105,016	41,105,016	2,636,751					46,690,738	49,327,489
715	State Department of Education	Academic/Instruct Assist to Migrant Children Title I, Part C, of NCLB Migrant			371,552						371,552		371,552					371,552
716	State Department of Education	Academic/Instruct Assist to Neglected & Delinquent Child Title I, Part D, of NCLB Neglected and Delinquent			1,256,899						1,256,899		1,589,637					1,589,637
717	State Department of Education	Compr School Reform-CSR Title I, Part F & Fund for Imprvmt, NCLB			3,569,299						3,569,299		3,569,299					3,569,299
718	State Department of Education	Charter School Program	27,167		2,577,831						2,604,998	330,467	2,577,831					2,908,298
732	State Department of Education	Innovative Programs (Title V of NCLB)			4,454,498						4,454,498		4,714,721					4,714,721
739	State Department of Education	Services to Students with Disabilities - Special Needs- Special Education	200,243		125,423,797						125,624,040	200,243	152,674,248					152,874,491
747	State Department of Education	Teacher Quality - Title II A of the No Child Left Behind Act			15,535,420						15,535,420		35,448,607					35,448,607
749	State Department of Education	School Transportation System	29,938,391			6,421,144					36,359,535	29,938,391			6,421,144			36,359,535
749	State Department of Education	School Trans. System - Facility Repairs & Renov.																
750	State Department of Education	School Transportation System - EAA	4,000,000								4,000,000	4,000,000					4,000,000	
751	State Department of Education	School Transportation System - Bus Purchase	8,261,888								8,261,888	8,261,888					8,261,888	
751	State Department of Education	School Buses														8,000,000		8,000,000
754	State Department of Education	Enhancing Education Through Technology (E2T2); Title II Part D of NCLB			8,784,800						8,784,800		8,784,800					8,784,800
760	State Department of Education	Instructional Materials - Textbooks	37,728,560		1,723,000					4,867,395	44,318,955	37,728,560		1,723,000				39,451,560
760	State Department of Education	Textbooks funded from Lottery									(23,459,264)					23,459,264		
800	State Department of Education	FIRST STEPS - CHILD CARE	4,438,212		158,062					1,100,000	5,696,274	4,438,212		158,062		740,000		5,336,274
801	State Department of Education	FIRST STEPS - PARENTING/FAMILY LITERACY	6,941,818		1,539,603					594,000	9,075,421	6,941,818		1,539,603		380,000		8,861,421
852	School for the Deaf & the Blind	Student Support	1,849,903		178,850	756,533					2,785,286	1,849,903	12,210	2,293,342				4,155,455
853	School for the Deaf & the Blind	Residential	1,156,190		111,781	472,833					1,740,804	1,156,190	151,781	701,518				2,009,489
700	State Department of Education	High Schools That Work (HSTW)								500,000	500,000					1,000,000		1,000,000
789	State Department of Education	Education Oversight Committee (EOC)								1,214,538	1,214,538					1,214,538		1,214,538
708	State Department of Education	School Transp Sys - Fringe Benefits Inflation																
708	State Department of Education	School Transp Sys - Aid Other Agencies																
708	State Department of Education	School Transp Sys - Mechanics Salary Increase																
708	State Department of Education	School Transp Sys - Bus Driver Salary & Fringe Supplement	39,372,823							450,776	39,823,599	39,372,823				450,776		39,823,599
748	State Department of Education	Teacher Advancement Program (TAP)			350,000						350,000		350,000					350,000
675	State Department of Education	Foundation Education Program-Education Finance Act	1,079,180,573		20,002,778						1,099,183,351	1,079,180,573		20,002,778				1,099,183,351
675	State Department of Education	EFA - Hold Harmless									23,200,000		23,200,000					23,200,000
702	State Department of Education	School Lunch Program Aid	413,606								413,606	413,606					413,606	
		Academic/Instruct Assist to High Poverty Schools & Students Title I, Part A, of NCLB (Basic Grants)			126,083,634						126,083,634		138,083,634					138,083,634
721	State Department of Education	Homework Centers									6,953,864	6,953,864					6,810,000	6,810,000
731	State Department of Education	English Speakers of Other Languages - ESOL Title III, of NCLB			2,146,296						2,146,296		2,146,296					2,146,296
		Rural Education Achievement Program - REAP (Title VI of NCLB)			1,586,781						1,586,781		1,586,781					1,586,781
733	State Department of Education	Career and Technology Education (CATE)	356,990		20,772,713						21,129,703	356,990	20,772,713					21,129,703
742	State Department of Education	Teacher Certification	1,894,117		122,108					743,821	2,760,046	1,894,117	497,324		743,821			3,135,262
755	State Department of Education	Data Collection-SASI									2,048,925					1,049,375		1,049,375
763	State Department of Education	School Food Services and Food Distribution System	164,672		158,384,343						158,549,015	164,672	158,384,343					158,549,015
787	State Department of Education	State Agency Teacher Pay								8,381,292	8,381,292					8,613,854		8,613,854
856	School for the Deaf & the Blind	Physical Support	809,333		78,247	330,984					1,218,564	809,333	168,391	840,103				1,817,827
742	State Department of Education	Induction & Mentoring																
755	State Department of Education	Data Collection-SASI - Training																
755	State Department of Education	Special Education Component - SASI (NR)																
684	State Department of Education	Gifted and Talented (G&T) Instruction								29,497,533	29,497,533					29,497,533		29,497,533
694	State Department of Education	Students with Disabilities in Alternative Residences																
10	Education Oversight Committee	Evaluation of the functioning of public education			275,075						275,075					275,075		275,075
677	State Department of Education	Retiree Insurance	52,751,957								52,751,957	52,751,957					52,751,957	
685	State Department of Education	Early Child Development and Academic Assistance									120,515,953					120,515,953		120,515,953
		Services to Students w/ Disabilities-Special Needs-Children w/ Disabilities PL99-457																
694	State Department of Education		3,973,584								3,973,584	3,973,584					3,973,584	

## Improve K-12 Student Performance FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
695	State Department of Education	Services to Students w/ Disabilities-Special Needs Childrn - Aid Sch Dist-Pilot Ext	43,316						43,316	43,316					43,316	
696	State Department of Education	Service to Students w/ Disabilities-Spec Needs Childrn-Aid Sch Dist-Handicapped	129,928						129,928	129,928					129,928	
697	State Department of Education	Service to Students with Disabilities - Special Needs							4,205,017				4,205,017		4,205,017	
722	State Department of Education	21st Century Comm Learning Cntr Prg Competitive Grants		6,613,613					6,613,613		6,613,613				6,613,613	
727	State Department of Education	Accreditation of Schools	528,653		36,959				565,612	528,653		36,959			565,612	
753	State Department of Education	Uniform Mgmt Info. Reporting System (UMIRS)		300,000					300,000		300,000			300,000		
757	State Department of Education	Technology Initiative	15,947,619						15,947,619	15,947,619					15,947,619	
766	State Department of Education	School Health Finance System (Medicaid)			1,740,000				1,740,000			2,607,222			2,607,222	
802	State Department of Education	FIRST STEPS - HEALTH	829,117		124,368				953,485	829,117		124,368			953,485	
1116	John de la Howe School	Education	688,796	67,335	262,633				1,018,764	688,796	72,457	268,895			1,030,148	
9	Education Oversight Committee	Implement & oversight of the educational accountability system			625,104				625,104			625,104			625,104	
709	State Department of Education	Curriculum and Standards Services	1,189,171	20,389,179				977,192	22,555,542	1,189,171	20,389,179		977,192		22,555,542	
709	State Department of Education	Reduce Funding to the Charleston Science & Mathematics Center for Curriculum Development at the SC Aquarium to Direct State Education Funding to the Classroom								(75,000)					(75,000)	
720	State Department of Education	Reduce Dropouts - Truancy, Dropout & Youth Court Initiative Non-competitive grants		630,000					630,000		630,000				630,000	
736	State Department of Education	Early Childhood Education--Four-Year Old Early Childhood	167,583	538,426	367,230			22,434,430	23,507,669	167,583	538,426	367,230	22,434,430		23,507,669	
744	State Department of Education	Alternative Certification Programs		143,412				429,963	573,375		342,927		429,963		772,890	
761	State Department of Education	School Facilities Support	580,250	41,495	61,425				683,170	580,250	41,495	61,425		683,170		
767	State Department of Education	Community Service Learning	75,515	1,332,116	40,000				1,447,631	75,515	1,512,378	40,000		1,627,893		
806	Gov's School for Arts and Humanities	Academic Programs	1,396,996		204,659				1,601,655	1,396,996		204,659		1,601,655		
813	Gov's School for Math and Science	Academics-Instruction	1,230,460		203,406				1,433,866	1,230,460		203,406		1,433,866		
825	Educational Television Commission	Pre K - 12 Educational Services	2,682,983		4,322,082		349,177		7,900,242	3,032,160		1,274,457		4,306,617		
826	Educational Television Commission	Educational Radio	292,095		804,929		82,159		1,179,183	292,095		804,929		1,097,024		
833	Will Lou Gray Opportunity School	Academic Program	809,004		491,573				1,300,577	809,004		660,515		1,469,519		
834	Will Lou Gray Opportunity School	Vocational Program	88,897		66,876				155,773	88,897		77,974		166,871		
676	State Department of Education	Employer Contributions	368,430,403						368,430,403	368,430,403				368,430,403		
699	State Department of Education	Tech Prep						4,064,483	4,064,483				4,064,483		4,064,483	
704	State Department of Education	School Facilities - Buildings			19,617,500				19,617,500			19,617,500		19,617,500		
752	State Department of Education	Technology Support and Assistance	2,975,132	387,997	2,238,061			2,966,769	8,567,959	2,975,132	387,997	2,238,061	2,966,769		8,567,959	
752	State Department of Education	General Fund Savings From Elimination of Teacher Quality Commission													(283,821)	(283,821)
759	State Department of Education	Assessment and Testing Activities	13,221,950	6,352,083				1,445,749	2,717,662	23,737,444	13,221,950	6,352,083	1,445,749	2,925,000	23,944,782	
759	State Department of Education	Savings for Assessing Students in a Manner Comparable to Other States - Redirect Savings to BSC									(2,688,644)				(2,688,644)	
762	State Department of Education	Safe and Drug-Free Program		4,975,143					4,975,143		4,975,143				4,975,143	
764	State Department of Education	Coordinated School Health Programs		409,000					409,000		409,000				409,000	
793	State Department of Education	EOC Public Relations						226,592	226,592				226,592		226,592	
835	Will Lou Gray Opportunity School	Library Program	55,237		12,744				67,981	55,237		15,516		70,753		
836	Will Lou Gray Opportunity School	Student Services Program (Residential Program)	339,027		8,000				347,027	339,027		8,000		347,027		
997	Department of Mental Health	School-Based Services	2,468,731	1,729,385	8,546,472		110,968		12,855,556	2,468,731	1,415,248	8,546,472		12,430,451		
1117	John de la Howe School	Buildings and Grounds	487,914		172,452				660,366	487,914		112,422		600,336		
294	Comm. on Higher Education	EIA-Teacher Recruitment			5,836,110				5,836,110			5,836,110		5,836,110		
712	State Department of Education	SAT Improvement	285,098						285,098	285,098				285,098		
726	State Department of Education	Palmetto Gold and Silver Awards Program			49,700				2,049,700			49,700		1,049,700		
743	State Department of Education	Teacher Recognition						166,102	166,102				166,102		166,102	
746	State Department of Education	Teacher Evaluation						110,000	110,000				110,000		110,000	
746	State Department of Education	EIA Savings From Elimination of Teacher Quality Commission											(110,000)		(110,000)	
765	State Department of Education	Healthy Schools Programs		246,823	39,812				286,635		246,823	39,812		286,635		
778	State Department of Education	Teacher Loan						3,209,270	3,209,270				3,209,270		3,209,270	
807	Gov's School for Arts and Humanities	Art Programs	1,011,757						1,011,757	1,011,757				1,011,757		
810	Gov's School for Arts and Humanities	Library	156,003						156,003	156,003				156,003		
828	Educational Television Commission	Educational Television - National Programming	481,949		2,928,209		71,889		3,482,047	481,949		2,610,334		3,092,283		
854	School for the Deaf & the Blind	Outreach	924,952	89,425	378,266				1,392,643	924,952	370,313	665,921		1,961,186		
1112	John de la Howe School	Social Services	171,282		46,236				217,518	171,282		42,171		213,453		
1113	John de la Howe School	Medical Care	99,419		15,523				114,942	99,419		15,523		114,942		
135	State Treasurer	Student Loans-Teachers			3,209,270				3,209,270			3,209,270		3,209,270		
777	State Department of Education	Teacher Quality - Teacher Recruitment						5,836,110	5,836,110				5,836,110		5,836,110	
814	Gov's School for Math and Science	Life in Residence	1,068,531		132,500				1,201,031	1,068,531		132,500		1,201,031		

## Improve K-12 Student Performance FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
			General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
814	Gov's School for Math and Science	Recommend Both Governor's Schools Have Comparable Student Fees - Savings redirected to BSC									(250,000)					(250,000)	
12	Education Oversight Committee	Public Awareness			450,000					450,000			200,000			200,000	
734	State Department of Education	Arts Curricula Instruction	85,000							1,867,209	85,000				1,867,209		
737	State Department of Education	Parenting and Family Literacy Services								5,855,526					5,855,526		
768	State Department of Education	GEAR-UP (Gaining Early Awareness and Readiness for Undergraduate Programs)		13,665	6,334					19,999		13,665	6,334		19,999		
779	State Department of Education	Career Changer Loan	1,622,662							1,622,662	1,622,662				1,622,662		
794	State Department of Education	State Board of Education	58,034							58,034	58,034				58,034		
796	State Department of Education	Governmental Services	358,003							358,003	358,003				358,003		
837	Wil Lou Gray Opportunity School	Support Services Program	672,191	240,000	461,700	206,709				1,580,600	672,191	240,000	483,072		1,395,263		
1111	John de la Howe School	Cottage Life	656,324		1,360					657,684	656,324		1,360		657,684		
1118	John de la Howe School	Dietary	238,402	100,000	42,544					380,946	238,402	61,043	42,544		341,989		
1119	John de la Howe School	Garbage Pickup/Motor Vehicle Opr	80,868		4,000					84,868	80,868		4,000		84,868		
1120	John de la Howe School	Laundry/Supply/ Housekeeping Services	46,925							46,925	46,925				46,925		
824	Educational Television Commission	Agency Fundraising	369,488		510,547					880,035	369,488		510,547		880,035		
824	Educational Television Commission	General Fund Savings from Recommending ETV Endowment Strengthen Campaign Efforts to Become Self-supporting - Redirected to BSC									(369,488)		369,488				
1508	Clemson PSA	4-H and Agricultural & Natural Resource Programs for Youth	4,038,410	1,292,774	2,149,624	234,535				7,715,343	4,038,410	1,292,774	2,149,624		7,480,808		
724	State Department of Education	Retraining Grants					400,000	7,460,500		7,860,500				400,000	5,965,000		
770	State Department of Education	Parental and Community Partnerships	73,426				30,037			103,463	73,426			30,037	103,463		
772	State Department of Education	Principal Evaluation and Induction					148,857			148,857				148,857			
1124	John de la Howe School	Information Technology	33,264		10,421					43,685	33,264		10,674		43,938		
1477	Clemson PSA	Agricultural Education Teachers' Salaries	403,825		162,195					566,020	403,825		276,533		680,358		
688	State Department of Education	National Board Certification (NBC) Incentive	11,276,610				27,968,264			39,244,874	11,276,610		29,797,264		41,073,874		
808	Gov's School for Arts and Humanities	Residential Life	490,200							490,200	490,200				490,200		
811	Gov's School for Arts and Humanities	Institutional Advancement	162,741		224,241					386,982	162,741		224,241		386,982		
1123	John de la Howe School	Public Relations & Alumni	38,015		5,525					43,540	38,015		5,525		43,540		
13	Education Oversight Committee	Proviso-directed actions			100,000					100,000			100,000		100,000		
174	Adjutant General	Army Support - Youth Challenge		3,640,000						3,640,000	3,360,000		35,000		3,395,000		
683	State Department of Education	Junior Scholars						223,767		223,767				223,767			
775	State Department of Education	School Leadership Executive Institute for District Administrators (SLEI DA)						27,017		27,017				27,017			
790	State Department of Education	SC Geographic Alliance						184,508		184,508				184,508			
795	State Department of Education	Ombudsman Services	82,596							82,596	82,596				82,596		
809	Gov's School for Arts and Humanities	Admissions, Outreach, Recruiting, and Special Programs (Summer Programs)	278,431		343,750					622,181	278,431		343,750		622,181		
1114	John de la Howe School	Therapeutic Activities	153,058		8,640					161,698	153,058		8,640		161,698		
1115	John de la Howe School	Family Enrichment	136,601		12,238					148,839	136,601		12,238		148,839		
1271	Dept of Parks, Recreation & Tourism	Interpretive & Resource Management	492,927		88,856					581,783	492,927		88,856		581,783		
728	State Department of Education	Principal Specialists						2,426,085		2,426,085							
808	Gov's School for Arts and Humanities	Residential Life - (NR)															
11	Education Oversight Committee	Family Involvement			45,318					45,318			45,318		45,318		
180	Adjutant General	Air Support - Starbase Swamp Fox		220,000						220,000		240,000			240,000		
723	State Department of Education	Teacher Specialists Assistance and Technical Support	5,661,683					1,975,000	26,290,194	33,926,877	5,661,683				5,661,683		
723	State Department of Education	Teacher Specialists & Principal Mentors Funded from Lottery									(5,294,818)				(5,294,818)		
723	State Department of Education	General Funds															
723	State Department of Education	Principal Mentors											33,135		33,135		
723	State Department of Education	EAA - Technical Assistance - Unsatisfactory Schools											6,300,000		6,300,000		
723	State Department of Education	EAA - Technical Assistance - Below Average Schools											14,040,000		14,040,000		
723	State Department of Education	EAA - Technical Assistance - Allendale School District											1,710,000		1,710,000		
723	State Department of Education	EAA - Technical Assistance - Administration											1,350,000		1,350,000		
730	State Department of Education	School Leadership Exec Institute-Technology Training			668,837					668,837			668,837		668,837		
745	State Department of Education	Teacher Education						150,000		150,000				150,000			
745	State Department of Education	EIA Savings From Elimination of Teacher Quality Commission											(150,000)		(150,000)		
773	State Department of Education	School Leadership Executive Institute -- Tapping Executive Educators (SLEI-TEE)						75,321		75,321				75,321			
783	State Department of Education	Aid Sch Dist-Felton Lab	165,659							165,659	165,659				165,659		
786	State Department of Education	EOC Family Involvement						45,318		45,318			45,318		45,318		
815	Gov's School for Math and Science	Statewide Outreach	193,484		400,044					593,528	193,484		400,044		593,528		
780	State Department of Education	Archives & History	34,918							34,918	34,918				34,918		
725	State Department of Education	External Reviews - External Review Teams						203,358	1,466,872	1,670,230				203,358	586,800	790,158	
758	State Department of Education	Conduct Research and Prepare Reports	906,663		9,970			320,030	971,793	2,208,456	906,663		9,970	320,030	971,793	2,208,456	

## Improve K-12 Student Performance FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan							FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
769	State Department of Education	Commission on National and Community Service	86,250	1,727,455	7,500		2,500	1,823,705		86,250	1,727,455	7,500	2,500	1,823,705			
774	State Department of Education	Office of School Leadership Technical Assistance					75,321	75,321					75,321	75,321			
805	Gov's School for Arts and Humanities	Lottery - Non-Recurring						1,000,000	1,000,000								
776	State Department of Education	Topical Seminars for School Administrators			212,743			212,743			212,743			212,743			
784	State Department of Education	Holocaust	44,065					44,065	44,065					44,065			
82	Lieutenant Governor's Office	Lieutenant Governor's Young Writer's Program	43,398			6,591		49,989	43,398					43,398			
785	State Department of Education	Youth in Government	18,445					18,445	18,445					18,445			
NEW	John de la Howe School	Therapeutic Wilderness Camping															
8	Education Oversight Committee	Agency Administration: overhead			214,359			214,359			214,359			214,359			
797	State Department of Education	Finance	1,302,946	273,730			438,359	2,015,035	1,302,946	365,909			438,359	2,107,214			
798	State Department of Education	Administration	2,871,914		10,136		145,580	3,027,630	2,871,914		10,136		145,580	3,027,630			
803	State Department of Education	FIRST STEPS - ADMINISTRATION	1,868,392		784,431			2,652,823	1,868,392		784,431			2,652,823			
804	State Department of Education	FIRST STEPS - FEDERAL PROGRAM		657,004				657,004		657,004				657,004			
812	Gov's School for Arts and Humanities	Administration	2,277,555		232,121			2,509,676	2,277,555		232,121			2,509,676			
812	Gov's School for Arts and Humanities	Recommend consolidating all special school administrations - Savings redirected to Base Student Cost (BSC)							(65,025)					(65,025)			
816	Gov's School for Math and Science	Administrative Overhead	217,089		10,550			227,639	217,089		10,550			227,639			
816	Gov's School for Math and Science	Recommend consolidating all special school administrations.							(45,633)					(45,633)			
831	Educational Television Commission	Administration	2,671,645		189,570			2,861,215	2,671,645		217,070			2,888,715			
831	Educational Television Commission	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC							(649,378)					(649,378)			
832	Wil Lou Gray Opportunity School	Administration Program	392,162					392,162	392,162					392,162			
832	Wil Lou Gray Opportunity School	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC							(92,597)					(92,597)			
855	School for the Deaf & the Blind	Administration	693,714	67,069	283,669			1,044,452	693,714	(121,477)	8,050			580,287			
855	School for the Deaf & the Blind	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC							(335,155)					(335,155)			
1121	John de la Howe School	Business Operations	293,405		2,000			295,405	293,405		2,000			295,405			
1122	John de la Howe School	Administration	127,236		3,475			130,711	127,236		475			127,711			
1122	John de la Howe School	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC							(113,431)					(113,431)			
1223	South Carolina State PSA	Youth and Family Development	526,607	752,296				1,278,903	276,607	752,296				1,028,903			
756	State Department of Education	Student Identifier						488,000						488,000			
	<b>Subtotal</b>		<b>1,744,738,872</b>	<b>525,260,714</b>	<b>99,151,021</b>	<b>1,062,028</b>	<b>508,518,808</b>	<b>62,737,290</b>	<b>2,941,468,733</b>	<b>1,788,010,213</b>	<b>585,322,201</b>	<b>99,492,712</b>	<b>546,263,755</b>	<b>76,800,367</b>	<b>3,095,889,248</b>		
	<b>Activities to Be Backpacked Through the EFA Formula:</b>																
705	State Department of Education	Safe Schools - School Safety Officers	6,807,857					6,807,857	6,807,857					6,807,857			
707	State Department of Education	Safe Schools - Alternative Schools	10,976,277					10,976,277	10,976,277					10,976,277			
678	State Department of Education	Reduce Class Size	35,047,429					35,047,429	35,047,429					35,047,429			
679	State Department of Education	Summer Schools	21,000,000					21,000,000	21,000,000					21,000,000			
706	State Department of Education	Safe Schools - Middle School Initiative	4,937,500					4,937,500	4,937,500					4,937,500			
680	State Department of Education	Increase Credits for High School Diploma	23,632,801					23,632,801	23,632,801					23,632,801			
710	State Department of Education	Professional Development on Standards					6,204,060	6,204,060			6,204,060			6,204,060			
698	State Department of Education	Career & Tech Educ - Modernize Vocational Equipment	4,800,452				3,963,520	8,763,972	4,800,452		3,963,520			8,763,972			
689	State Department of Education	Teacher Supplies					10,000,000	10,000,000			10,000,000			10,000,000			
692	State Department of Education	Part-time Health and Dental	206,345					206,345	206,345					206,345			
693	State Department of Education	Teacher Quality - ADEPT	2,217,245					2,217,245	2,217,245					2,217,245			
713	State Department of Education	Enhance Teacher Skills & Student Perf in English, Math, Science & Soc Studies Grades K-5,6-8	56,357					56,357	56,357					56,357			
690	State Department of Education	Professional Development & Support for Math and Science					2,900,382	2,900,382			2,900,382			2,900,382			
691	State Department of Education	Critical Teaching Needs					602,911	602,911			602,911			602,911			
703	State Department of Education	Principal Salary Supplement					3,095,968	3,095,968			3,095,968			3,095,968			
681	State Department of Education	Local School Innovation					9,970,064	9,970,064			9,970,064			9,970,064			
782	State Department of Education	Alcohol & Drug Abuse	937,857					937,857	937,857					937,857			
682	State Department of Education	Advanced Placement (AP)					2,514,265	2,514,265			2,514,265			2,514,265			
711	State Department of Education	Prof Develop on Reading to Teachers - Institute of Reading					1,312,874	1,312,874			1,312,874			1,312,874			
719	State Department of Education	Character Education Program	311,989					311,989	311,989					311,989			
729	State Department of Education	Progress Energy School Ldrship Exec Institute (SLEI)			197,711		906,370	1,104,081			197,711		906,370	1,104,081			

## Improve K-12 Student Performance FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund				
			General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds					
738	State Department of Education	Competitive Teacher Grants						1,287,044						1,287,044				1,287,044		
781	State Department of Education	Status Offender	527,835											527,835	527,835				527,835	
771	State Department of Education	School Leadership Executive Institute-Developing Aspiring Principals						94,385						94,385				94,385		
788	State Department of Education	Writing Improvement Network						288,444						288,444				288,444		
791	State Department of Education	School Improvement Council						180,192						180,192				180,192		
<b>Subtotal for Backpack Items:</b>			<b>111,459,944</b>		<b>197,711</b>			<b>43,320,479</b>	<b>48,500,000</b>					<b>203,478,134</b>	<b>159,903,587</b>		<b>197,711</b>	<b>43,320,479</b>		<b>203,421,777</b>
<b>Total</b>			<b>1,856,198,816</b>	<b>525,260,714</b>	<b>99,348,732</b>	<b>1,062,028</b>	<b>551,839,287</b>	<b>111,237,290</b>						<b>1,947,913,800</b>	<b>585,322,201</b>	<b>99,690,423</b>	<b>589,584,234</b>	<b>76,800,367</b>	<b>3,299,311,025</b>	



## Improve Our Higher Education System and Cultural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan							FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
471	USC - Columbia	Instr: Public Hlth incl Public Hlth, Pharm., Nurs, & Social Work	8,155,567		12,632,899					20,788,466	8,155,567		14,594,830			22,750,397	
482	Univ of S. Carolina - Aiken	Instruction: Arts and Sciences	3,456,936	257,434	5,992,304					9,706,674	3,456,936	244,078	7,430,160			11,131,174	
483	Univ of S. Carolina - Aiken	Instr: Bus & Hospitality, Retail, & Sports Mgt	708,752		1,102,489					1,811,241	708,752		1,367,031			2,075,783	
484	Univ of S. Carolina - Aiken	Instruction: Education	634,501		936,826					1,571,327	634,501		1,161,618			1,796,119	
485	Univ of S. Carolina - Aiken	Instr: Public Hlth incl Public Hlth, Pharm., Nurs, & Social Work	621,554		915,096					1,536,650	621,554		1,134,672			1,756,226	
502	Univ. of S. Carolina - Upstate	Instruction: Arts and Sciences	3,596,456	64,900	7,018,803					10,680,159	3,596,456	7,172	8,714,784			12,318,412	
503	USC - Upstate	Instr: Bus & Hospitality, Retail, & Sports Mgt	621,011		1,165,222					1,786,233	621,011		1,446,780			2,067,791	
504	USC - Upstate	Instruction: Education	702,826		1,343,066					2,045,892	702,826		1,667,597			2,370,423	
505	USC - Upstate	Instr: Public Hlth incl Public Hlth, Pharm., Nurs, & Social Work	827,907		1,553,426					2,381,333	827,907		1,928,786			2,756,693	
510	USC - Beaufort	Instruction	808,587	23,220	2,820,402					3,652,209	808,587	20,596	3,291,921			4,121,104	
520	USC - Lancaster	Instruction: Arts & Sciences	1,171,342	64,106	1,789,249					3,024,697	1,171,342	83,320	2,165,223			3,419,885	
539	USC - Sumter	Instruction: Arts & Sciences	1,693,872	53,800	1,867,917					3,615,589	1,693,872	62,442	2,170,477			3,926,791	
547	USC - Union	Instruction: Arts & Sciences	441,985	32,719	503,018					977,722	441,985	39,257	603,519			1,084,761	
555	Winthrop University	Instruction- General	566,961	188,961	589,782					1,345,704	566,961	171,573	589,782			1,328,316	
556	Winthrop University	Instruction- College of Arts and Sciences	5,399,021		5,616,330					11,015,351	5,399,021		5,616,330			11,015,351	
557	Winthrop University	Instruction- College of Education	2,280,731		2,372,531					4,653,262	2,280,731		2,372,531			4,653,262	
558	Winthrop University	Instruction- College of Business	2,525,555		2,627,209					5,152,764	2,525,555		2,627,209			5,152,764	
559	Winthrop University	Instr- Coll of Visual and Performing Arts	2,113,220		2,138,277					4,311,497	2,113,220		2,198,277			4,311,497	
573	Medical Univ. of S. Carolina	Instruction: College of Medicine	16,149,692	124,138	41,370,702					57,844,532	16,149,692	124,138	80,945,702			97,219,532	
574	Medical Univ. of S. Carolina	Instruction: College of Pharmacy	1,078,243	8,288	2,762,139					3,848,670	1,078,243	8,288	2,762,139			3,848,670	
575	Medical Univ. of S. Carolina	Instruction: College of Nursing	1,222,010	9,393	3,130,425					4,361,828	1,222,010	9,393	3,130,425			4,361,828	
576	Medical Univ. of S. Carolina	Instruction: College of Graduate Studies	95,844	737	245,524					342,105	95,844	737	245,524			342,105	
577	Medical Univ. of S. Carolina	Instruction: College of Dental Medicine	2,827,394	21,733	7,242,943					10,092,070	2,827,394	21,733	7,492,943			10,342,070	
578	Medical Univ. of S. Carolina	Instruction: College of Health Professions	2,587,785	19,892	6,629,134					9,236,811	2,587,785	19,892	14,009,134			16,616,811	
579	Medical Univ. of S. Carolina	Instruction: College of Medicine		3,555,902	515,424					4,071,326		3,555,902	515,424			4,071,326	
580	Medical Univ. of S. Carolina	Instruction: College of Pharmacy	237,412		34,413					271,825	237,412		34,413			271,825	
581	Medical Univ. of S. Carolina	Instruction: College of Nursing	269,067		39,001					308,068	269,067		39,001			308,068	
582	Medical Univ. of S. Carolina	Instruction: College of Graduate Studies	21,103		3,059					24,162	21,103		3,059			24,162	
583	Medical Univ. of S. Carolina	Instruction: College of Dental Medicine	622,547		90,238					712,785	622,547		90,238			712,785	
584	Medical Univ. of S. Carolina	Instruction: College of Health Professions	569,788		82,590					652,378	569,788		82,590			652,378	
585	Medical Univ. of S. Carolina	Instruction- Coll. Of Nursing - FMU	488,031							488,031	488,031					488,031	
611	Tech & Comp Education	Instr: Agriculture, Agriculture Op, & Related Sci.	800,296	81,500	380,893					1,262,689	800,296	81,500	380,893			1,262,689	
612	Tech & Comp Education	Instr: Ntl Res & Conservation (CIP 03)	143,556		41,053					184,609	143,556		41,053			184,609	
613	Tech & Comp Education	Instr: Commun, Journalism, & Related Prog	94,514		91,060					185,574	94,514		91,060			185,574	
614	Tech & Comp Education	Instr: Common Tech/Technicians & Support Serv	486,646		980,072					1,466,718	486,646		980,072			1,466,718	
615	Tech & Comp Education	Instr: Computer & Info Sci & Support Serv	5,766,235	701,841	4,133,752					10,601,828	5,766,235	701,841	4,133,752			10,601,828	
616	Tech & Comp Education	Instr: Personal & Culinary Services	1,042,677	89,901	964,186					2,096,764	1,042,677	89,901	964,186			2,096,764	
617	Tech & Comp Education	Instr: Engineering (CIP 14)	385,338		364,117					749,455	385,338		364,117			749,455	
618	Tech & Comp Education	Instr: Engineering Tech/Technicians	4,608,332	119,161	2,938,188					8,165,681	4,608,332	619,161	2,938,188			8,165,681	
619	Tech & Comp Education	Instr: Foreign Lang, Literatures, & Linguistics	662,942	4,829	580,202					1,247,973	662,942	4,829	580,202			1,247,973	
620	Tech & Comp Education	Instr: Family & Consumer Sci/Human Sci	1,445,608	256,351	1,956,171					3,658,130	1,445,608	256,351	1,956,171			3,658,130	
621	Tech & Comp Education	Instr: Legal Professions and Studies	756,863	12,270	480,755					1,249,888	756,863	12,270	480,755			1,249,888	
622	Tech & Comp Education	Instr: English Lang & Literature/Letters	7,924,257	297,384	5,783,979					14,005,620	7,924,257	297,384	5,783,979			14,005,620	
623	Tech & Comp Education	Instr: Liberal Arts & Sci., Gen. Studies & Humanities	1,226,493	629	463,110					1,690,232	1,226,493	629	463,110			1,690,232	
624	Tech & Comp Education	Instr: Biological & Biomedical Sciences	4,680,417	77,651	3,228,620					7,986,688	4,680,417	77,651	3,228,620			7,986,688	
625	Tech & Comp Education	Instr: Mathematics & Statistics	7,008,438	211,308	4,674,948					11,894,694	7,008,438	211,308	4,674,948			11,894,694	
626	Tech & Comp Education	Instr: Multi/Interdisciplinary Studies	83,213		119,573					202,786	83,213		119,573			202,786	
627	Tech & Comp Education	Instr: Parks, Recr, Leisure & Fitness Studies	13,110		3,500					16,610	13,110		3,500			16,610	
628	Tech & Comp Education	Instr: Basic Skills	3,999,626	152,402	3,425,373					7,577,401	3,999,626	152,402	3,425,373			7,577,401	
629	Tech & Comp Education	Instr: Interpersonal & Social Skills	739,892	35,640	427,778					1,203,310	739,892	35,640	427,778			1,203,310	
630	Tech & Comp Education	Instr: Philosophy & Religion Studies	332,838	5,000	262,835					600,473	332,838	5,000	262,835			600,473	
631	Tech & Comp Education	Instr: Physical Sciences	1,778,688	102,052	1,584,794					3,465,534	1,778,688	102,052	1,584,794			3,465,534	
632	Tech & Comp Education	Instr: Science Technologies/Technicians	33,481		43,948					77,429	33,481		43,948			77,429	
633	Tech & Comp Education	Instr: Psychology	1,777,983	28,819	1,645,265					3,452,077	1,777,983	28,819	1,645,265			3,452,077	
634	Tech & Comp Education	Instr: Security & Protective Services	1,150,773	43,320	659,082					1,853,175	1,150,773	43,320	659,082			1,853,175	
635	Tech & Comp Education	Instr: Public Admin & Social Serv Professions	707,267	24,022	700,687					1,431,976	707,267	24,022	700,687			1,431,976	
636	Tech & Comp Education	Instr: Social Sciences	3,604,085	136,411	2,422,187					6,162,683	3,604,085	136,411	2,422,187			6,162,683	
638	Tech & Comp Education	Instr: Mechanic & Repair Tech/Technicians	3,595,568	266,022	2,968,453					6,830,043	3,595,568	266,022	2,968,453			6,830,043	
646	Tech & Comp Education	Midlands Tech Nursing Program	613,590							613,590	613,590					613,590	
656	Tech & Comp Education	Innovative Technical Training	552,569							552,569	552,569					552,569	
662	Tech & Comp Education	Instr: Precision Production	2,591,410	59,081	2,252,935					4,903,426	2,591,410	59,081	2,252,935			4,903,426	
663	Tech & Comp Education	Instr: Transp & Materials Moving	502,237	5,000	616,541					1,123,778	502,237	5,000	616,541			1,123,778	
664	Tech & Comp Education	Instr: Visual & Performing Arts	1,109,092	22,823	824,256					1,956,171	1,109,092	22,823	824,256			1,956,171	
665	Tech & Comp Education	Instr: Hlth Professions & Related Clinical Sci.	16,944,307	219,753	13,887,578					31,051,638	16,944,307	219,753	13,887,578			31,051,638	
666	Tech & Comp Education	Instr: Business, Mgmt, Marketg, & Related Support Serv	7,200,119	321,138	8,310,917					15,832,174	7,200,119	321,138	8,310,917			15,832,174	
529	USC - Salkehatchie	Instruction: Arts & Sciences	925,434		1,201,224					2,202,972	925,434		98,140			1,317,522	
351	Clemson University (E&G)	Research			30,253,319					30,253,319			30,253,319			30,253,319	
352	Clemson University (E&G)	Sponsored Research</															

## Improve Our Higher Education System and Cultural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan							FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
458	USC - Columbia	Research	3,721,361	47,984,424	36,486,059				88,191,844	3,721,361	45,038,892	53,537,420			102,297,673		
586	Medical Univ. of S. Carolina	Research	6,813,655	139,620,000	28,530,756				174,964,411	6,813,655	153,620,000	28,530,756			188,964,411		
291	Comm. on Higher Education	Training for Math & Science Teachers		888,597					888,597		888,597			888,597			
340	The Citadel	Infirmery			942,910				942,910			942,910			942,910		
567	Winthrop University	Student Direct Lending Program		15,600,000					15,600,000		18,325,475			18,325,475			
319	The Citadel	Coll of Graduate & Prof. Studies	1,138,731		859,639				1,998,370	1,138,731		859,639			1,998,370		
328	The Citadel	Academic Support	1,876,779		3,310,223				5,187,002	1,876,779		3,310,223			5,187,002		
339	The Citadel	Faculty/Staff Quarters			541,931				541,931			541,931			541,931		
375	University of Charleston	Academic Support-Other	1,586,287		4,787,855				6,374,142	1,586,287		4,968,247			6,554,534		
376	University of Charleston	Academic Support-Libraries	1,210,365		3,650,596				4,860,961	1,210,365		3,788,164			4,998,529		
401	Coastal Carolina University	Academic Support			3,606,518				3,606,518			3,606,518			3,606,518		
412	Francis Marion University	Academic Support	1,080,023		1,988,921				3,068,944	1,080,023		2,002,629			3,082,652		
433	Lander University	Academic Support	1,341,893	32,869	2,656,324				4,031,086	1,341,893	28,881	2,536,368			3,907,142		
460	USC - Columbia	Academic Support	14,431,300		24,559,506				38,990,806	14,431,300		28,373,676			42,804,976		
492	USC - Aiken	Academic Support	853,919		1,913,141				2,767,060	853,919		2,372,199			3,226,118		
498	USC - Upstate	Academic Support	999,815		2,695,663				3,695,478	999,815		3,347,027			4,346,842		
513	USC - Beaufort	Academic Support	259,392		922,554				1,181,946	259,392		1,076,788			1,336,180		
523	USC - Lancaster	Academic Support	230,999		549,944				780,943	230,999		385,964			616,963		
532	USC - Salkehatchie	Academic Support	252,174		298,569				550,743	252,174		327,532			579,706		
541	USC - Sumter	Academic Support	582,694	67,250	993,505				1,643,449	582,694	67,250	1,154,431			1,804,375		
549	USC - Union	Academic Support	104,082		132,942				237,024	104,082		159,503			263,585		
562	Winthrop University	Academic Support	1,504,593		4,948,505				6,453,098	1,504,593		4,948,505			6,453,098		
647	Tech & Comp Education	Pathways to Prosperity	1,000,000						1,000,000	1,000,000					1,000,000		
669	Tech & Comp Education	Academic Support - Library	2,124,050	695,207	5,053,264				7,872,521	2,124,050	695,207	5,053,264			7,872,521		
670	Tech & Comp Education	Academic Support - Other	10,366,317	4,806,885	24,456,226				39,629,428	10,366,317	6,454,407	25,246,497			42,677,221		
740	State Department of Education	Adult Education (AE)	13,585,650	8,162,960	1,525,076				23,273,686	13,585,650	8,162,960	1,525,076			23,273,686		
280	Comm. on Higher Education	SC Alliance for Minority Participation	320,327						320,327			320,327			320,327		
307	Comm on Higher Education	Electronic Library						2,000,000	2,000,000								
320	The Citadel	ROTC Departments	80,957		61,116				142,073	80,957		61,116			142,073		
349	Clemson University (E&G)	Line Item- Advanced Films and Fibers	814,749						814,749	814,749					814,749		
350	Clemson University (E&G)	Line Item-Wireless Communication	500,000						500,000			500,000			500,000		
405	Coastal Carolina University	Oper. and Maint. Of Plant			11,490,840				11,490,840			20,763,439			20,763,439		
416	Francis Marion University	Operation and Maintenance of Plant	1,390,871		4,437,658				5,828,529	1,390,871		4,437,658			5,828,529		
422	Francis Marion University	Nursing Program	250,000		250,000				500,000	250,000		250,000			500,000		
462	USC - Columbia	Operations & Maintenance	12,581,723		21,133,889				33,715,612	12,581,723		24,416,050			36,997,773		
515	USC - Beaufort	Operations & Maintenance - Bldg & Grounds, Security	261,182		810,742				1,071,924	261,182		946,284			1,207,466		
591	Medical Univ of S Carolina	Operation & Maint of Plant	13,547,147		34,796,733				48,343,880	13,547,147		34,796,733			48,343,880		
660	Tech & Comp Education	Multi Media	228,694		228,694				457,388	228,694		228,694			457,388		
667	Tech & Comp Education	Occupational Upgrading	5,356,566	143,433	15,454,114				20,954,113	5,356,566	143,433	15,454,114			20,954,113		
858	Dept of Archives & History	Records Management Services	695,436	69,320	10,500				775,256	695,436	69,320	10,500			775,256		
859	Dept of Archives & History	Micrographics and Photocopy Services	195,427		228,677				424,104	195,427		228,677			424,104		
860	Dept of Archives & History	State Historic Preservation Program	214,052	387,965	588,949				1,190,966	214,052	387,965	588,949			1,190,966		
864	Dept of Archives & History	Publication Program	41,719		41,719				83,438	41,719		41,719			83,438		
870	State Library	DISCUS - South Carolina's Virtual Library	79,832	382,000	461,832				943,664	79,832	382,000	461,832			943,664		
872	State Library	Information Services	365,835	245,529	611,364				1,222,728	365,835	245,529	611,364			1,222,728		
878	Arts Commission	Artist Development	137,120	20,020	68,990				226,130	137,120	20,020	68,990			226,130		
882	State Museum	Education	378,323		136,455	28,300			543,078	378,323		136,455			514,778		
1481	Clemson PSA	BioEngineering Alliance	76,102		88,415	12,313			176,830	76,102		88,415			164,517		
875	State Library	Funding to Local Libraries	3,766,692			481,745			4,248,437	3,766,692					4,248,437		
308	Comm. on Higher Education	Research Centers of Excellence						3,000,000	3,000,000				3,000,000		6,766,692		
292	Comm. on Higher Education	Centers of Excellence			662,953				662,953			662,953			20,000,000		
298	Comm on Higher Education	State Approving Section	107,899	50,000	297,557				455,456	107,899	141,502	391,102			662,953		
300	Comm. on Higher Education	Fund for Improvement of Postsecondary Educ		85,000					85,000		85,000				640,503		
305	Comm on Higher Education	Academic Endowment	444,828						444,828	444,828					85,000		
341	The Citadel	Laundry/Dry Cleaning			1,025,537				1,025,537			1,025,537			1,025,537		
342	The Citadel	Print Shop			337,795				337,795			337,795			337,795		
377	University of Charleston	Student Services	1,443,101		4,828,140				6,271,241	1,443,101		5,005,620			6,448,721		
381	University of Charleston	Hospitality and Tourism	395,000						395,000	395,000					395,000		
382	University of Charleston	Avery Center	300,000						300,000	300,000					300,000		
402	Coastal Carolina University	Student Services			3,435,406				3,435,406			3,435,406			3,435,406		
408	Coastal Carolina University	Food Serve / Vending			263,249				263,249			263,249			263,249		
409	Coastal Carolina University	Health Service			131,625				131,625			131,625			131,625		
413	Francis Marion University	Student Services	753,160		931,875				1,685,035	753,160		931,875			1,685,035		
434	Lander University	Student Services	663,068	32,869	1,312,566				2,008,503	663,068	32,869	1,312,566			2,008,503		
440	Lander University	B. Book Store			1,261,110				1,261,110			1,261,110			1,261,110		
444	South Carolina State University	Bookstore			1,693,891				1,693,891			3,246,428			3,246,428		
449	South Carolina State University	Student Services	1,612,749		4,103,447				5,716,196	1,612,749		4,103,447			5,716,196		
450	South Carolina State University	Residential Life															
456	South Carolina State University	Felton Laboratory			735,000				735,000			735,000			735,000		
461	USC - Columbia	Student Services	6,095,326	1,020,945	15,360,803				22,477,074	6,095,326	420,945	17,746,385			24,262,656		
464	USC - Columbia	Instit for Public Serv & Policy Research	716,454						716,454	716,454					716,454		

## Improve Our Higher Education System and Cultural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
472	USC - Columbia	African American Professors Program	178,805						178,805	178,805					178,805	
474	USC - Columbia	Small Business Development Center	686,534						686,534	686,534					686,534	
475	USC - Columbia	Law School Books and Publications	344,074						344,074	344,074					344,074	
493	USC - Aiken	Student Services	1,077,496		2,875,448				3,952,944	1,077,496			3,565,412		4,642,908	
494	USC - Aiken	Operations & Maintenance - Security	938,021		1,433,745				2,371,766	938,021			1,777,772		2,715,793	
499	USC - Upstate	Student Services	948,419		3,274,985				4,223,404	948,419			4,066,334		5,014,753	
514	USC - Beaufort	Student Services	186,047		674,169				860,216	186,047			786,878		972,925	
518	USC - Beaufort	Penn Center	180,240						180,240	180,240					180,240	
524	USC - Lancaster	Student Services	250,521		391,081				641,602	250,521			473,258		723,779	
534	USC - Salkehatchie	Operations & Maintenance	304,162		384,267				688,429	304,162			421,542		725,704	
542	USC - Sumter	Student Services	419,188		457,318				876,506	419,188			531,393		950,581	
551	USC - Union	Operations & Maintenance	82,083		66,056				148,139	82,083			79,253		161,336	
563	Winthrop University	Student Services	1,060,931		5,976,295				7,037,226	1,060,931			5,976,295		7,037,226	
590	Medical Univ. of S. Carolina	Student Services	1,923,856		4,966,603				6,890,459	1,923,856			4,966,603		6,890,459	
643	Tech & Comp Education	Sales & Services of Education Departments			89,051				89,051				89,051		89,051	
644	Tech & Comp Education	F. E. Dubose Career Center			1,672,347				1,672,347				1,672,347		1,672,347	
658	Tech & Comp Education	Support Unit and Warehouse	449,323						449,323	449,323					449,323	
668	Tech & Comp Education	Community Service Programs		45,048	1,686,459				1,731,507		45,048	1,686,459		1,731,507		
830	Educational Television Commissi	Educational Television - Local Programming	4,118,340		1,590,088		71,889		5,780,317	4,118,340			1,255,088		5,373,428	
874	State Library	Continuing Education	63,128		83,409				146,537	63,128		83,409		146,537		
879	Arts Commission	Contributions	196,477		13,026			16,254	225,757	196,477			13,026		209,503	
881	State Museum	Collections	313,260		30,477		63,200		406,937	313,260			30,477		343,737	
885	State Museum	Facilities	2,486,668		55,217		107,900		2,649,785	2,486,668			55,217		2,541,885	
1312	Patriots Pt Develop Auth	Operations/Maintenance			2,354,970				2,354,970			2,354,970		2,354,970		
1313	Patriots Pt Develop Auth	Retail Operations			1,505,854				1,505,854			1,505,854		1,505,854		
1314	Patriots Pt Develop Auth	Education/Overnight Camping			996,499				996,499			996,499		996,499		
1316	Patriots Pt Develop Auth	Visitor Services			1,138,703				1,138,703			1,138,703		1,138,703		
533	USC - Salkehatchie	Student Services	179,105		233,953				413,058	179,105			256,647		435,752	
550	USC - Union	Student Services	101,960		105,436				207,396	101,960			126,502		228,462	
304	Comm on Higher Education	National Grd Tuition Repayment Program	129,187						1,500,000	1,629,187			250,000		379,187	
309	Comm on Higher Education	Excellence Enhancement							4,700,000	4,700,000			3,000,000		3,000,000	
329	The Citadel	Student Services			4,851,910				4,851,910			4,851,910		4,851,910		
336	The Citadel	Barracks			4,571,171				4,571,171			4,571,171		4,571,171		
338	The Citadel	Dining Hall			4,481,254				4,481,254			4,481,254		4,481,254		
354	Clemson University (E&G)	Academic Support		1,877,748	35,003,888				36,881,636		2,176,028	36,071,884		38,247,912		
379	University of Charleston	Operation/Maintenance of Plant	3,085,418		9,305,965				12,391,383	3,085,418			9,656,649		12,742,067	
407	Coastal Carolina University	Residence Halls			2,079,671				2,079,671			2,405,538		2,405,538		
		D. Academic Initiative (Accreditation of Business School Complete)														
426	Lander University	Redirect 1/2 of funds from Academic Initiative for Operating Expenses	575,000						575,000							
426	Lander University									287,500					287,500	
437	Lander University	Operation & Maintenance of Plant	1,334,571	32,869	2,641,829				4,009,269	1,334,571	32,869	2,641,829		4,009,269		
439	Lander University	A. Food Services			1,417,097				1,417,097			1,417,097		1,417,097		
441	Lander University	C. Residence Halls		22,224	2,510,721				2,532,945		22,224	2,510,721		2,532,945		
442	South Carolina State University	Food Services			3,510,000				3,510,000			6,071,328		6,071,328		
443	South Carolina State University	Housing			4,413,000				4,413,000			7,590,242		7,590,242		
448	South Carolina State University	Libraries	710,862						710,862	710,862					710,862	
451	South Carolina State University	Oper. & Maint. of Plant & Deferred Maint.	2,342,953		4,351,199				12,194,152	2,342,953			4,351,199		9,694,152	
473	USC - Columbia	USC NanoCenter	1,000,000						1,000,000			1,000,000		1,000,000		
500	USC - Upstate	Operations & Maintenance	1,336,277		3,415,053				4,751,330	1,336,277			4,240,247		5,576,524	
525	USC - Lancaster	Operations & Maintenance	340,895		484,022				824,917	340,895			585,728		926,623	
543	USC - Sumter	Operations & Maintenance	492,711		493,358				986,069	492,711			573,271		1,065,982	
566	Winthrop University	Operation and Maintenance of Plant	2,411,207		6,320,372				8,731,579	2,411,207			10,539,148		12,950,355	
568	Winthrop University	Cntr for Educ. Recruit. Retent. & Adv. Teaching Fellows Prog			5,575,000				5,575,000			5,575,000		5,575,000		
653	Tech & Comp Education	Academic Affairs	829,374		330,000				1,159,374	829,374		330,000		1,159,374		
671	Tech & Comp Education	Student Services	9,014,649		11,816,647				43,590,208	9,014,649		11,816,647		22,758,912		43,590,208
673	Tech & Comp Education	Operation and Maintenance of Plant	2,325,173		843,000				46,729,099	2,325,173		1,051,689		64,308,200		67,685,062
701	State Department of Education	Nursing Program	597,562						597,562	597,562					597,562	
857	Dept of Archives & History	Archival Services	719,184		57,186		27,857		804,227	719,184		57,186		27,857		804,227
857	Dept of Archives & History	Public Internet Access														
869	State Library	Network Services			334,568				334,568			220,649			220,649	
871	State Library	Collection Management Services	402,406		184,930				587,336	402,406		124,930			527,336	
873	State Library	Library Development Services	114,299		732,206		100,000		946,505	114,299		761,706		100,000	976,005	
876	Arts Commission	Arts Education	732,894		279,932		29,224		1,032,050	732,894		236,137			969,031	
883	State Museum	Exhibits	459,140		172,769		53,139		685,048	459,140			172,769		631,909	
884	State Museum	Operations	63,998				70,679		1,148,381	63,998			1,013,704		1,077,702	
1315	Patriots Pt Develop Auth	Collections			145,162				145,162			145,162		145,162		
326	The Citadel	Research			88,123				505,694			88,123		417,571		505,694
373	University of Charleston	Research	248,125		3,465,000		2,302,033		6,015,158	248,125		3,454,131		2,472,266		6,174,522
399	Coastal Carolina University	Research			3,190,128				3,190,128			3,146,829			3,146,829	
410	Francis Marion University	Research			182,833		32,906		215,739			182,833		32,906		215,739

## Improve Our Higher Education System and Cultural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
446	South Carolina State University	Research/Grants	351,001	26,975,307					27,326,308	351,001	30,526,411				30,877,412	
490	Univ of S. Carolina - Aiken	Research		171,622	223,672			395,294			157,108	790,856			947,964	
496	USC - Upstate	Research		454,296	601,555			1,055,851			477,738	2,005,334			2,483,072	
511	USC - Beaufort	Research	23,255		84,843			108,098		23,255		99,027			122,282	
521	USC - Lancaster	Research									2,021			2,021		
560	Winthrop University	Research		500	419,115			419,615			500	419,115		419,615		
530	USC - Salkehatchie	Research		30,526	38,317			68,843			47,958	42,034		89,992		
481	USC - Columbia	Auxiliary: Other			2,859,937			2,859,937				2,859,937		2,859,937		
335	The Citadel	Director of Auxiliary Activity			29,162			29,162				29,162		29,162		
346	Clemson University (E&G)	Auxiliary - Student Housing		3,000	21,228,115			21,231,115		3,000	21,228,115			21,231,115		
347	Clemson University (E&G)	Auxiliary - Other		280,337	21,755,448			22,035,785			280,337	21,755,448		22,035,785		
360	Clemson University (E&G)	Auxiliary - Food Services			10,362,116			10,362,116				10,362,116		10,362,116		
361	Clemson University (E&G)	Auxiliary - Bookstores			1,218,798			1,218,798				1,218,798		1,218,798		
384	University of Charleston	Auxiliary - Residence Halls			9,268,480			9,268,480				10,299,700		10,299,700		
385	University of Charleston	Auxiliary - Food Service			5,808,226			5,808,226				6,454,455		6,454,455		
386	University of Charleston	Auxiliary - Health Services			889,867			889,867				988,875		988,875		
387	University of Charleston	Auxiliary - Other Rentals			68,092			68,092				75,668		75,668		
388	University of Charleston	Auxiliary - Vending			86,574			86,574				96,206		96,206		
389	University of Charleston	Auxiliary - Bookstore			389,096			389,096				432,387		432,387		
390	University of Charleston	Auxiliary - Parking			1,429,975			1,429,975				1,589,076		1,589,076		
418	Francis Marion University	Auxiliary Enterprises - Dining Services			250,630			250,630				250,630		250,630		
419	Francis Marion University	Auxiliary Enterprises - Bookstore			60,088			60,088				60,088		60,088		
420	Francis Marion University	Auxiliary Enterprises - Housing			2,324,714			2,324,714				1,778,072		1,778,072		
478	USC - Columbia	Auxiliary: Housing			16,239,145			16,239,145				21,358,760		21,358,760		
479	USC - Columbia	Auxiliary: Student Health Services			5,760,855			5,760,855				8,282,457		8,282,457		
480	USC - Columbia	Auxiliary: Bookstore			270,333			270,333				270,333		270,333		
487	USC - Aiken	Auxiliary: Bookstore			1,751,286			1,751,286				1,749,886		1,749,886		
488	USC - Aiken	Auxiliary: Housing			547,664			547,664				547,664		547,664		
489	USC - Aiken	Auxiliary: Other			72,816			72,816				72,816		72,816		
507	USC - Upstate	Auxiliary: Bookstore			2,277,295			2,277,295				2,216,642		2,216,642		
508	USC - Upstate	Auxiliary: Housing			740,000			740,000				740,000		740,000		
509	USC - Upstate	Auxiliary: Other			150,258			150,258				150,258		150,258		
517	USC - Beaufort	Auxiliary: Bookstore			549,108			549,108				745,649		745,649		
527	USC - Lancaster	Auxiliary: Bookstore			366,630			366,630				422,629		422,629		
545	USC - Sumter	Auxiliary: Bookstore			438,253			438,253				377,563		377,563		
569	Winthrop University	Auxiliary Services- Housing			5,670,000			5,670,000				5,720,000		5,720,000		
570	Winthrop University	Auxiliary Services- Health Center			1,100,000			1,100,000				1,100,000		1,100,000		
571	Winthrop University	Auxiliary Services- Cafeteria			3,450,000			3,450,000				3,450,000		3,450,000		
572	Winthrop University	Auxiliary Services- Bookstore and Vending			530,000			530,000				530,000		530,000		
593	Medical Univ of S Carolina	Auxiliary (Parking)			5,438,943			5,438,943				5,438,943		5,438,943		
639	Tech & Comp Education	Auxiliary Enterprises - Food Services			892,806			892,806				892,806		892,806		
640	Tech & Comp Education	Auxiliary Enterprises-Bookstores		56,377	32,324,065			32,380,442		56,377	32,324,065			32,380,442		
641	Tech & Comp Education	Auxiliary Enterprises-Residence Halls			376,403			376,403				376,403		376,403		
642	Tech & Comp Education	Auxiliary Enterprise - Vending			59,199			59,199				59,199		59,199		
536	USC - Salkehatchie	Auxiliary: Bookstore			206,529			206,529				167,171		167,171		
553	USC - Union	Auxiliary: Bookstore			118,512			118,512				116,154		116,154		
288	Comm. on Higher Education	Gear Up	600,000	1,863,410				2,463,410		600,000	2,139,951			2,739,951		
348	Clemson University (E&G)	Municipal Services	931,747					931,747		931,747				931,747		
284	Comm on Higher Education	Lowcountry Grad Center	465,000					465,000		465,000				465,000		
315	Comm on Higher Education	Technology Grants						14,000,000					12,000,000	12,000,000		
331	The Citadel	O&M of Plant			10,388,091			10,388,091				10,388,091		10,388,091		
355	Clemson University (E&G)	Student Services		1,127,177	12,646,760			13,773,937			1,127,177	12,646,760		13,773,937		
357	Clemson University (E&G)	Operation and Maintenance of the Plant		14,002	28,630,152			28,644,154			542,131	34,408,686		34,950,817		
327	The Citadel	Public Service		1,852,526	2,773,224			4,625,750			1,852,526	2,773,224		4,625,750		
353	Clemson University (E&G)	Public Service		9,198,112	5,197,971			14,396,083			9,198,112	5,197,971		14,396,083		
374	University of Charleston	Public Service	66,653	595,000	568,513			1,230,166		66,653	593,134	603,328		1,263,115		
374	University of Charleston	Public Service								(66,653)				(66,653)		
400	Coastal Carolina University	Public Service		3,597,379				3,597,379			3,597,379			3,597,379		
411	Francis Marion University	Public Service	16,914	72,200	272,238			361,352		16,914	72,200	272,238		361,352		
411	Francis Marion University	Public Service								(16,914)				(16,914)		
432	Lander University	Public Service			73,546			73,546				73,546		73,546		
447	South Carolina State University	Public Service	65,250					65,250		65,250				65,250		
459	USC - Columbia	Public Service	642,425	15,314,178	11,453,206			27,409,809		642,425	22,671,726	13,231,926		36,546,077		
491	USC - Aiken	Public Service		471,962	1,109,216			1,581,178			188,684	1,375,372		1,564,056		
497	USC - Upstate	Public Service	28,247	1,103,291	1,508,089			2,639,627		28,247	1,802,971	1,872,495		3,703,713		
512	USC - Beaufort	Public Service	35,778	476,013	582,364			1,094,155		35,778	452,382	1,420,019		1,908,179		
512	USC - Beaufort	Public Service								(35,778)				(35,778)		
522	USC - Lancaster	Public Service		294,887	896,659			1,191,546			261,790	1,505,427		1,767,217		
540	USC - Sumter	Public Service	18,289	134,500	175,901			328,690		18,289	114,068	562,819		695,176		
540	USC - Sumter	Public Service								(18,289)				(18,289)		
561	Winthrop University	Public Service		512,446	3,632,340			4,144,786			404,285	3,632,340		4,036,605		

## Improve Our Higher Education System and Cultural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan							FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
587	Medical Univ. of S. Carolina	Public Service	4,921,354	9,984,000	14,326,871				29,232,225	4,921,354	9,984,000	14,326,871			29,232,225		
649	Tech & Comp Education	Trident Technical College Culinary Arts	775,000						775,000	775,000					775,000		
649	Tech & Comp Education	Trident Technical College Culinary Arts							(775,000)	(775,000)					(775,000)		
863	Dept of Archives & History	Teaching American History in SC Program	2,422	304,205					306,627	2,422	304,205			306,627			
863	Dept of Archives & History	Teaching American History in SC Program							(2,422)	(2,422)				(2,422)			
548	USC - Union	Public Service		157,050	79,973				237,023		164,278			231,671	395,949		
299	Comm. on Higher Education	Higher Education Awareness	402,250						402,250	402,250				402,250			
827	Educational Television Commissi	Higher & Medical Education Services	1,103,783		173,371	451,878		854,000	2,583,032	551,892				163,371	715,263		
827	Educational Television Commissi	General Fund Savings from Activity Becoming Self-Supporting								(551,892)				551,892			
827	Educational Television Commissi	Phase Out over 2 Years															
866	Dept of Archives & History	Hunley Project			759,890				759,890					759,890			
134	State Treasurer	SC Tuition Prepayment Program--Program should be self-supporting over next two years.								(55,733)					(55,733)		
134	State Treasurer	SC Tuition Prepay Prog/SC Coll Investment Prog	111,466		500,557				612,023	111,466				500,557	612,023		
268	Budget & Control Board	Southern Maritime	116,896						116,896	116,896					116,896		
337	The Citadel	Cadet Store			3,927,173				3,927,173					3,927,173			
343	The Citadel	Tailor Shop			1,227,242				1,227,242					1,227,242			
394	Coastal Carolina University	Specific Instruction Program			1,454,453				1,454,453		1,454,453			1,454,453			
453	South Carolina State University	Access and Equity			100,000				100,000					100,000			
454	South Carolina State University	School of Business Accreditation			410,635				410,635					410,635			
455	South Carolina State University	Transportation			410,635				410,635					410,635			
792	State Department of Education	Centers Of Excellence						662,953	662,953				662,953	662,953			
285	Comm. on Higher Education	Access and Equity	711,613						711,613	711,613				711,613			
285	Comm. on Higher Education	Savings from Better Coordination with Higher Education Awareness Program								(142,322)					(142,322)		
295	Comm. on Higher Education	Cutting Edge	175,035						175,035	175,035				175,035			
392	Coastal Carolina University	Book Store															
877	Arts Commission	Community Arts Development	1,241,249	856,125	565,910	174,503			2,837,787	1,241,249	745,994	451,687		2,438,930			
303	Comm on Higher Education	Experimental Prog to Stimulate Cooperative Res.	300,000						300,000	300,000				300,000			
645	Tech & Comp Education	Missing and Exploited Children	94,050						94,050	94,050				94,050			
345	The Citadel	Coeducation Initiative (Assimilation of Women Completed)	1,110,000						1,110,000								
345	The Citadel	Academic Support - redirected funds from Coeducation Initiative								832,500					832,500		
333	The Citadel	Athletics			4,823,910				4,823,910					4,823,910			
359	Clemson University (E&G)	Auxiliary - Intercollegiate Athletics			29,470,143				29,470,143					33,330,128			
391	University of Charleston	Auxiliary - Athletics			5,859,690				5,859,690					6,511,645			
403	Coastal Carolina University	Athletics			5,166,271				5,166,271					5,166,271			
414	Francis Marion University	Athletics	370,202		943,256				1,313,458	370,202				943,256	1,313,458		
414	Francis Marion University	Savings from Phasing Out General Fund Support of Intercollegiate Athletics over 3 years								(122,167)					(122,167)		
435	Lander University	Intercollegiate Athletics	488,600	32,869	967,201				1,488,670	488,600	32,869	967,201		1,488,670			
435	Lander University	Savings from Phasing Out General Fund Support of Intercollegiate Athletics over 3 years								(161,238)					(161,238)		
477	USC - Columbia	Auxiliary: Athletics			36,681,685				36,681,685					36,681,685			
222	Budget & Control Board	Confederate Relic Room & Museum Serv	620,222		23,100				643,322	620,222		28,100		648,322			
302	Comm on Higher Education	Performance Funding	2,463,806						2,463,806	2,463,806				2,463,806			
334	The Citadel	Gift Shop Enterprises			2,374,287				2,374,287				2,374,287	2,374,287			
344	The Citadel	Telephone			19,441				19,441					19,441			
861	Dept of Archives & History	State Historical Marker Program	336		21,713				22,049	336		21,713		22,049			
----	USC - Columbia	Consolidate Institute for Archeology & Anthropology with Dept of Archives & History								(496,812)					(496,812)		
----	USC - Union	3 year phase-out								(292,892)					(292,892)		
----	USC - Salkehatchie	3 year phase-out								(669,657)					(669,657)		
----	USC - Columbia	1% reduction to encourage collaboration								(1,473,658)					(1,473,658)		
----	Clemson University (E&G)	1% reduction to encourage collaboration								(847,236)					(847,236)		
----	Medical Univ. of S Carolina	1% reduction to encourage collaboration								(801,866)					(801,866)		
----	USC - Sumter	3% reduction to encourage collaboration								(110,622)					(110,622)		
----	Citadel	CHE Program Productivity Study								(47,148)					(47,148)		
----	SC State University	CHE Program Productivity Study								(47,432)					(47,432)		
----	USC - Columbia	CHE Program Productivity Study								(58,423)					(58,423)		
----	USC - Upstate	CHE Program Productivity Study								(42,461)					(42,461)		
----	Winthrop University	CHE Program Productivity Study								(45,908)					(45,908)		
----	Comm on Higher Education	\$90M has been budgeted over last 3 years for Endowed Chairs, \$72.5M has been awarded, but only \$17M has been distributed												(10,000,000)	(10,000,000)		
279	Comm on Higher Education	Administration - Auditor	1,961,297	247,557					2,208,854	1,961,297	247,557			2,208,854			
318	Higher Educ Tuition Grants	Administration	328,623						328,623	328,623				328,623			
330	The Citadel	Institutional Support	119,260	15,000	5,828,078				5,962,338	119,260	15,000	10,227,140		10,361,400			
330	The Citadel	Savings from Implementing Administration Standards for Non-teaching Personnel								(203,154)					(203,154)		
356	Clemson University (E&G)	Institutional Support															

## Improve Our Higher Education System and Cultural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund		
			General Funds	Federal Funds	Other Funds	Maybank	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds			
378	University of Charleston	Institutional Support	5,166,072		15,581,448						20,747,520	5,166,072		16,168,616			21,334,688	
----	University of Charleston	Eliminate funding for contract lobbyists										(7,500)					(7,500)	
404	Coastal Carolina University	Institutional Support	157,710		6,502,262						6,659,972	157,710		6,502,262			6,659,972	
----	Coastal Carolina	Eliminate funding for contract lobbyists										(20,933)					(20,933)	
404	Coastal Carolina University	Savings from Implementing Administration Standards for Non-teaching Personnel										(485,921)					(485,921)	
415	Francis Marion University	Institutional Support	1,697,980		1,614,588						3,312,568	1,697,980		1,614,588			3,312,568	
415	Francis Marion University	Savings from Implementing Administration Standards for Non-teaching Personnel										(265,542)					(265,542)	
436	Lander University	Institutional Support	1,029,614	32,869	2,647,233						3,709,716	1,029,614	96,384	3,826,911			4,952,909	
436	Lander University	Savings from Implementing Administration Standards for Non-teaching Personnel										(228,147)					(228,147)	
452	South Carolina State University	Administration	2,821,063		1,958,478						4,779,541	2,821,063		1,942,502			4,763,565	
----	South Carolina State University	Eliminate funding for contract lobbyists										(17,175)					(17,175)	
452	South Carolina State University	Savings from Implementing Administration Standards for Non-teaching Personnel										(270,286)					(270,286)	
476	USC - Columbia	Institutional Support	15,052,125		24,282,754						39,334,879	15,052,125		28,053,944			43,106,069	
----	USC - Columbia	Eliminate funding for contract lobbyists										(15,709)					(15,709)	
486	USC - Aiken	Institutional Support	987,181		1,779,879						2,767,060	987,181		2,206,961			3,194,142	
506	USC - Upstate	Institutional Support	1,368,185		3,383,145						4,751,330	1,368,185		4,200,629			5,568,814	
519	USC - Beaufort	Institutional Support	214,869		751,731						966,400	214,869		877,408			1,092,077	
528	USC - Lancaster	Institutional Support	303,310		429,949						733,259	303,310		520,293			823,603	
538	USC - Salkehatchie	Institutional Support	242,264		308,478						550,742	242,264		338,402			580,666	
546	USC - Sumter	Institutional Support	480,642		505,430						986,072	480,642		587,299			1,067,941	
554	USC - Union	Institutional Support	157,444		168,462						325,906	157,444		202,121			359,565	
564	Winthrop University	Institutional Support Services	1,427,433		2,999,332						4,426,765	1,427,433		3,433,083			4,860,516	
----	Winthrop University	Eliminate funding for contract lobbyists										(20,833)					(20,833)	
589	Medical Univ. of S Carolina	Administration	28,216,549	936,000	72,464,373						101,616,922	28,216,549	936,000	72,864,373			102,016,922	
650	Tech & Comp Education	System Office President's Office	828,168								828,168	828,168					828,168	
651	Tech & Comp Education	Human Resource Services (HRS)	390,466								390,466	390,466					390,466	
652	Tech & Comp Education	Finance and General Administration	1,423,484								1,423,484	1,423,484					1,423,484	
654	Tech & Comp Education	Audits of Colleges	266,987								266,987	266,987					266,987	
655	Tech & Comp Education	Data Processing Support	1,901,057								1,901,057	1,901,057					1,901,057	
659	Tech & Comp Education	Inventory Control	116,521		1,300,000						1,416,521	116,521		500,000			616,521	
672	Tech & Comp Education	Institutional Support	16,528,614	4,845,979	46,427,276						67,801,869	16,528,614	4,866,911	46,427,276			67,822,801	
----	Tech & Comp Education	Eliminate funding for contract lobbyists										(38,180)					(38,180)	
672	Tech & Comp Education	Savings from Implementing Administration Standards for Non-teaching Personnel										(1,360,352)					(1,360,352)	
865	Dept of Archives & History	Administration	1,223,987		91,083		250,534				1,565,604	1,223,987		91,083			1,315,070	
865	Dept of Archives & History	Administrative Savings from Consolidation of Cultural Agencies										(165,280)					(165,280)	
867	State Library	Administration	1,366,870	50,386	5,000						1,422,256	1,366,870	65,386	5,000			1,437,256	
867	State Library	Administrative Savings from Consolidation of Cultural Agencies										(70,413)					(70,413)	
880	Arts Commission	Administration	720,945	14,530							735,475	720,945	2,366				723,311	
880	Arts Commission	Administrative Savings from Consolidation of Cultural Agencies										(150,681)					(150,681)	
886	State Museum	Administration	437,871		83,677						521,548	437,871		83,677			521,548	
886	State Museum	Administrative Savings from Consolidation of Cultural Agencies										(64,568)					(64,568)	
1317	Patriots Pt Develop Auth	Administration			1,011,112						1,011,112			1,011,112			1,011,112	
221	Budget & Control Board	SC Leadership	53,833								53,833							
290	Comm on Higher Education	Arts Program	10,274								10,274							
293	Comm. on Higher Education	Youth Leadership Conference	50,000								50,000							
296	Comm. on Higher Education	Professor of the Year	14,850								14,850							
317	Higher Educ. Tuition Grants	South Carolina Student Legislature	17,780								17,780							
383	University of Charleston	Governor's School	288,018								288,018							
421	Francis Marion University	Omega Project	56,147								56,147							
531	USC - Salkehatchie	Public Service	5,374	137,366	169,857						312,597		74,436	386,457			460,893	
537	USC - Salkehatchie	Leadership Center	100,460								100,460							
637	Tech & Comp Education	Instr. Construction Trades	26,024		623						26,647						623	
862	Dept of Archives & History	National History Day Program	54,496								54,496							
		<b>Total</b>	<b>704,101,587</b>	<b>493,880,674</b>	<b>1,647,630,881</b>		<b>1,843,884</b>	<b>662,953</b>	<b>228,630,105</b>	<b>3,076,750,084</b>	<b>690,790,243</b>	<b>537,511,955</b>	<b>1,838,657,499</b>	<b>662,953</b>	<b>224,527,633</b>		<b>3,292,150,283</b>	<b>215,000</b>

## Improve Conditions for Economic Growth FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan			
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
1276	Dept of Parks, Rec & Tourism	Marketing & Sales	763,862		400,000		1,163,862	763,862		400,000	1,163,862
1291	Department of Commerce	Business Develop - Proj Management	1,500,418				1,500,418	1,780,418			1,780,418
1292	Department of Commerce	Business Development-Marketing/ Research	756,271			400,000	1,156,271	1,176,271			1,176,271
New	Department of Commerce	Capital Access Program - funded by Santee Cooper Contribution								3,000,000	3,000,000
661	Technical & Comp. Education	Center for Accelerated Technology Training	1,874,103				1,874,103	1,874,103			1,874,103
1274	Dept of Parks, Rec & Tourism	Media Placement & Productions	9,279,640		600,000	1,998,501	11,878,141	11,278,141		600,000	11,878,141
1274	Dept of Parks, Rec & Tourism	Savings from Renegotiating Rate from 14% to 9.5%						(400,000)			(400,000)
1274	Dept of Parks, Rec & Tourism	Savings from Eliminating Practice of Off-line Pass-Throughs Per Executive Order 2004-29						(952,500)			(952,500)
1275	Dept of Parks, Rec & Tourism	Tourism Marketing Partnership Program	3,136,302				3,136,302	3,801,345			3,801,345
1295	Department of Commerce	Business Solutions - Small Business	487,594				487,594	487,594			487,594
1299	Department of Commerce	Community Development Corporation - funded by Santee Cooper Contribution								1,000,000	1,000,000
1299	Department of Commerce	Community Development Corporation	57,440				57,440	57,440			57,440
1303	Department of Commerce	Grants and Incentives - Rural Infrastructure Fund			958,163		958,163			4,458,163	4,458,163
240	Budget & Control Board	State Revolving Fund Loans	1,064,090	500,000	575,000		2,139,090	1,064,090	500,000	578,800	2,142,890
1294	Department of Commerce	Business Solutions - International Trade	422,368		60,000		482,368	422,368		84,059	506,427
1298	Department of Commerce	Community and Rural Development	358,859		541,837		900,696	358,859		905,706	1,264,565
1300	Department of Commerce	Grants and Incentives - Highway Set Aside	56,444		18,000,000		18,056,444	56,444		18,286,928	18,343,372
1336	Department of Insurance	Solvency Monitoring	359,873		1,927,577		2,287,450	359,873		1,927,577	2,287,450
1336	Department of Insurance	Savings from Implementing Desk Audit Fee for Financial Analysis						(125,000)			(125,000)
1342	Department of Insurance	Captive Formation	315,271		471,722		786,993	315,271		831,908	1,147,179
1347	Board of Financial Institutions	Bank Examining			1,897,780		1,897,780			1,961,633	1,961,633
1431	Employment Security Commission	Unemployment Insurance (UI)		41,437,385	1,934,326	13,185	43,384,896		40,533,794	1,795,530	42,329,324
1277	Dept of Parks, Recreation & Tourism	Welcome Centers	2,228,723				2,228,723	2,228,723			2,228,723
1302	Department of Commerce	Grants and Incentives - Tourism Infrastructure Fund			1,000,000		1,000,000			1,000,000	1,000,000
1304	Department of Commerce	Grants and Incentives - CDBG		38,000,000			38,000,000		35,876,911		35,876,911
1310	Jobs - Economic Dev. Authority	CDBG Loan Fund - IRB Program		876,081			876,081		876,081		876,081
1337	Department of Insurance	Licensing	283,281		418,581		701,862	283,281		418,581	701,862
1340	Department of Insurance	Form and Rate Review	520,847		21,794		542,641	520,847		21,794	542,641
1340	Department of Insurance	Savings from Instituting a Fee for Filing Forms and Rates						(250,000)			(250,000)
1496	Clemson University-PSA	Risk Management Systems for Agricultural Firms	665,738	447,741	77,257	61,160	1,251,896	665,738	447,741	77,257	1,190,736
289	Comm. on Higher Education	SC Manufacturing Extension Partnerships	1,227,921				1,227,921	1,227,921			1,227,921
239	Budget & Control Board	Local Government Infrastructure Grants	269,682		3,610,000		3,879,682	269,682		3,605,000	3,874,682
239	Budget & Control Board	Local Govt Infra Grants-Combine w/ Rural Infra Fnd within Dept of Commerce						(134,841)			(134,841)
1279	Dept of Parks, Recreation & Tourism	Tourism Community & Economic Development	571,272		75,000		646,272	571,272		75,000	646,272
1293	Department of Commerce	Business Development - Foreign Offices	645,840				645,840	645,840			645,840
1301	Department of Commerce	Grants and Incentives - Enterprise Zone			400,000		400,000			603,379	603,379
1338	Department of Insurance	Taxation	169,456		7,617		177,073	169,456		157,417	326,873
1430	Employment Security Commission	Labor Market Information Department		1,402,886	124,307		1,527,193		1,402,886	124,307	1,527,193

## Improve Conditions for Economic Growth FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan			
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
1339	Department of Insurance	Consumer Services	162,101		23,649	273,823	459,573	162,101		23,649	185,750
1216	Department of Agriculture	Marketing & Promotions	1,279,563	266,830	39,814		1,586,207	1,279,563	628,430	97,814	2,005,807
1278	Dept of Parks, Recreation & Tourism	Research & Policy Development	284,048				284,048	284,048			284,048
1296	Department of Commerce	Business Solutions - Film	482,542		72,000		554,542	482,542		72,000	554,542
1319	Public Service Commission	Utility Regulation			4,874,307		4,874,307			3,603,415	3,603,415
1520	Office of Regulatory Staff	Utilities			1,938,601		1,938,601			2,381,113	2,381,113
1521	Office of Regulatory Staff	Transportation			1,028,741		1,028,741			1,268,857	1,268,857
1522	Office of Regulatory Staff	Telecommunications			908,806		908,806			1,203,825	1,203,825
1523	Office of Regulatory Staff	Consumer Services			566,245		566,245			700,485	700,485
1345	Department of Insurance	Legal and Investigations	587,634		19,907		607,541	587,634		19,907	607,541
1348	Board of Financial Institutions	Consumer Finance			1,121,342		1,121,342			1,142,205	1,142,205
1350	Department of Consumer Affairs	Legal Division	98,003	30,000	630,464	50,555	809,022	98,003	30,000	733,119	861,122
1428	Employment Security Commission	Employment Services		13,514,959	4,858,514		18,373,473		13,115,866	3,380,564	16,496,430
120	Secretary of State	Trademarks, Service of Process, Empl Agencies & Bus Opp	59,403				59,403	59,403			59,403
981	Health & Environmental Control	Biotechnology Center	547,620				547,620	547,620			547,620
1215	Department of Agriculture	Consumer Services	488,934		312,323	620,542	1,421,799	488,934		354,493	843,427
1215	Department of Agriculture	General Fund Savings as Activity will be Funded from Gasoline Tax						(488,934)			(488,934)
1215	Department of Agriculture	Petroleum Inspection & Testing Program								1,109,476	1,109,476
1217	Department of Agriculture	Market Services		17,385	1,905,421		1,922,806		17,385	1,899,671	1,917,056
1333	Second Injury Fund	Legal			310,111		310,111			316,320	316,320
1334	Second Injury Fund	Recoveries			94,348		94,348			95,900	95,900
1356	Dept of Labor, Licensing & Regulation	Labor-Management Mediation	72,750				72,750	72,750			72,750
115	Secretary of State	Corporations	163,292		200,000	34,043	397,335	163,292		200,000	363,292
116	Secretary of State	Uniform Commercial Code	165,570		220,000	34,043	419,613	165,570		220,000	385,570
1306	Department of Commerce	Aeronautics - Airport Development	935,340	500,000	950,000		2,385,340	935,340	1,000,000	950,000	2,885,340
1332	Second Injury Fund	Claims Administration			735,618		735,618			751,142	751,142
1343	Department of Insurance	Study the Health Insurance Market in SC		251,200			251,200				
1344	Department of Insurance	Executive Services	472,737		14,695		487,432	472,737		14,695	487,432
1349	Department of Consumer Affairs	Consumer Services	365,303		104,823	30,445	500,571	365,303		76,762	442,065
1351	Department of Consumer Affairs	Advocacy Division	271,662				271,662	271,662			271,662
1354	Dept of Labor, Licensing & Regulation	Occupational Safety & Health Program (OSHA)	1,712,020	2,473,830		225,307	4,411,157	1,762,020	2,473,830		4,235,850
1355	Dept of Labor, Licensing & Regulation	Employment Standards	323,306			50,000	373,306	566,613			566,613
1357	Dept of Labor, Licensing & Regulation	Elevator and Amusement Ride Inspection	825,919			23,000	848,919	825,919			825,919
1357	Dept of Labor, Licensing & Regulation	General Fund Savings from Activity Funded from Other Funds						(412,959)			(412,959)
1358	Dept of Labor, Licensing & Regulation	Board of Chiropractic Examiners			135,000		135,000			135,000	135,000
1359	Dept of Labor, Licensing & Regulation	Board of Medical Examiners			1,223,001		1,223,001			1,223,001	1,223,001
1360	Dept of Labor, Licensing & Regulation	Board of Nursing			1,570,000		1,570,000			1,570,000	1,570,000
1361	Dept of Labor, Licensing & Regulation	Board of Occupational Therapy			100,000		100,000			100,000	100,000
1362	Dept of Labor, Licensing & Regulation	Board of Examiners in Opticianry			75,000		75,000			75,000	75,000
1363	Dept of Labor, Licensing & Regulation	Board of Examiners in Optometry			85,000		85,000			85,000	85,000
1364	Dept of Labor, Licensing & Regulation	Board of Physical Therapy			110,000		110,000			110,000	110,000

## Improve Conditions for Economic Growth FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan					
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	
1365	Dept of Labor, Licensing & Regulation	Board of Podiatry Examiners			7,500			7,500			7,500	7,500
1366	Dept of Labor, Licensing & Regulation	Bd Examiners Licensure Prof Counselors, Marriage & Family Therapists & Psycho-Educational Spec			155,000			155,000			155,000	155,000
1367	Dept of Labor, Licensing & Regulation	Board of Examiners in Psychology			100,000			100,000			100,000	100,000
1368	Dept of Labor, Licensing & Regulation	Board of Social Work Examiners			150,000			150,000			150,000	150,000
1369	Dept of Labor, Licensing & Regulation	Board of Speech-Language Pathology and Audiology			85,000			85,000			85,000	85,000
1370	Dept of Labor, Licensing & Regulation	Board of Veterinary Medical Examiners			110,000			110,000			110,000	110,000
1371	Dept of Labor, Licensing & Regulation	Board of Architectural Examiners			275,000			275,000			275,000	275,000
1372	Dept of Labor, Licensing & Regulation	Building Codes Council	161,342		175,000			336,342	161,342		175,000	336,342
1372	Dept of Labor, Licensing & Regulation	General Fund Savings from Activity Funded from Other Funds							(80,671)			(80,671)
1373	Dept of Labor, Licensing & Regulation	Contractors Licensing Board			950,000			950,000			950,000	950,000
1374	Dept of Labor, Licensing & Regulation	Bd of Regis for Professional Engineers & Land Surveyors			675,000			675,000			675,000	675,000
1375	Dept of Labor, Licensing & Regulation	Environmental Certification Board			475,000			475,000			475,000	475,000
1376	Dept of Labor, Licensing & Regulation	Manufactured Housing Board	85,000		125,000			210,000	85,000		125,000	210,000
1376	Dept of Labor, Licensing & Regulation	General Fund Savings from Activity Funded from Other Funds							(42,500)			(42,500)
1378	Dept of Labor, Licensing & Regulation	Real Estate Commission			1,150,000			1,150,000			1,150,000	1,150,000
1379	Dept of Labor, Licensing & Regulation	Real Estate Appraisers Board			450,000			450,000			450,000	450,000
1380	Dept of Labor, Licensing & Regulation	Residential Builders Commission			1,100,000			1,100,000			1,100,000	1,100,000
1381	Dept of Labor, Licensing & Regulation	Board of Accountancy			375,000			375,000			375,000	375,000
1382	Dept of Labor, Licensing & Regulation	State Athletic Commission			45,000			45,000			45,000	45,000
1384	Dept of Labor, Licensing & Regulation	Board of Barber Examiners			325,000			325,000			325,000	325,000
1385	Dept of Labor, Licensing & Regulation	Board of Cosmetology			650,000			650,000			650,000	650,000
1386	Dept of Labor, Licensing & Regulation	Board of Dentistry			500,000			500,000			500,000	500,000
1388	Dept of Labor, Licensing & Regulation	Board of Funeral Service			175,000			175,000			175,000	175,000
1390	Dept of Labor, Licensing & Regulation	Board of Long Term Health Care Administrators			205,000			205,000			205,000	205,000
1391	Dept of Labor, Licensing & Regulation	Massage Bodywork Therapy Panel			175,000			175,000			175,000	175,000
1393	Dept of Labor, Licensing & Regulation	Board of Pharmacy			795,000			795,000			795,000	795,000
1394	Dept of Labor, Licensing & Regulation	Pilotage Commission			5,000			5,000			5,000	5,000
1395	Dept of Labor, Licensing & Regulation	State Fire Marshal's Office - Field Services			1,417,620			1,417,620			1,417,620	1,417,620
1396	Dept of Labor, Licensing & Regulation	Fire Education			125,000			125,000			125,000	125,000
1397	Dept of Labor, Licensing & Regulation	State Fire Marshal's Office - Engineering Section			385,000			385,000			385,000	385,000
1433	Employment Security Commission	Workforce Invest. Act Transfer to Department of Commerce				9,671,731		9,671,731				

## Improve Conditions for Economic Growth FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan				
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
1433	Department of Commerce	Workforce Invest. Act Transferred from Employment Security Commission						8,861,299		8,861,299	
1434	Employment Security Commission	Workforce Investment Act Transfer to Department of Commerce		52,766,266			52,766,266				
1434	Department of Commerce	Workforce Invest. Act Transferred from Employment Security Commission						52,766,266		52,766,266	
1495	Clemson University-PSA	Agricultural Biotechnology	1,020,274	319,454	24,628		1,364,356	1,020,274	319,454	24,628	1,364,356
119	Secretary of State	Charities, Spec Purp Dist, Munic Incorp. & Annexations			643,395		643,395			643,395	643,395
1224	South Carolina State PSA	Community Leadership and Economic Development	440,772	629,675			1,070,447	440,772	629,675		1,070,447
1280	Dept of Parks, Recreation & Tourism	Heritage Corridor & Discovery Centers	183,775	1,241,865			1,425,640	183,775	1,241,865		1,425,640
1280	Dept of Parks, Recreation & Tourism	General Fund Savings from Match Requirement Met With Other Funds						(183,775)			(183,775)
1352	Department of Consumer Affairs	Public Information	175,572		10,000		185,572	175,572		10,000	185,572
1502	Clemson University-PSA	Rural Community Economic Development	850,848	399,355	26,405	56,317	1,332,925	850,848	399,355	26,405	1,276,608
57	Governor's Office - OEPP	Certification	117,956			12,000	129,956	117,956			117,956
241	Budget & Control Board	Community Development Block Grants	72,144				72,144	72,144			72,144
1219	Department of Agriculture	Market Bulletin			233,537		233,537			371,037	371,037
1281	Dept of Parks, Recreation & Tourism	SC Assoc of Tourism Regions	1,375,000				1,375,000	1,375,000			1,375,000
1281	Dept of Parks, Recreation & Tourism	General Fund Savings from Correction of Duplicate Allocation						(125,000)			(125,000)
1432	Employment Security Commission	SC Occupational Information	130,724	117,540	537,999		786,263	130,724	147,389	534,572	812,685
1486	Clemson University-PSA	Natural Resources and Environmental Research and Education: Alternative Income Opportunities for Landowners	91,323	38,954	21,000	9,000	160,277	91,323	38,954	21,000	151,277
117	Secretary of State	Notaries and Apostilles	45,590				45,590	45,590			45,590
265	Budget & Control Board	Base Closure	574,716				574,716	574,716			574,716
1311	Jobs - Economic Dev. Authority	Industrial Revenue Bond Program									
1475	Clemson University-PSA	Rural Community Enhancement and Improvement	248,865	182,226	90,139	34,798	556,028	248,865	182,226	90,139	521,230
118	Secretary of State	Boards, Commissions, Acts & Resolutions	45,590				45,590	45,590			45,590
263	Budget & Control Board	Brandenburg Coordination Committee	11,354				11,354	11,354			11,354
1207	Department of Agriculture	Soybean Board			342,546		342,546			718,996	718,996
1208	Department of Agriculture	Pork Board			65,000		65,000			65,000	65,000
1209	Department of Agriculture	Cotton Board			358,700		358,700			358,700	358,700
1210	Department of Agriculture	Peanut Board			34,350		34,350			34,350	34,350
1211	Department of Agriculture	Watermelon Board			20,000		20,000			20,000	20,000
1212	Department of Agriculture	Tobacco Board			83,000		83,000			83,000	83,000
1213	Department of Agriculture	S. C. Beef Board			323,000		323,000			323,000	323,000
1307	Department of Commerce	Agency Pass Through Spoleto/World Trade Center/World Trade Park & Education Ctr - Eliminate Pass Through	543,688				543,688				
1307	Department of Commerce	Establish Competitive Grant Process for Economic Development						500,000			500,000
1341	Department of Insurance	SC Reinsurance Facility			1,146,000		1,146,000			2,277,500	2,277,500
1287	Dept of Parks, Recreation & Tourism	Pass Through Funds - Line Item: Contributions	377,586				377,586	377,586			377,586

## Improve Conditions for Economic Growth FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan						
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds		
1287	Dept of Parks, Recreation & Tourism	General Fund Savings from Eliminating Pass Through Per Executive Order 2004-29 and Redirect 1/2 of savings to TMPP (#1275)						(377,586)			(377,586)		
1427	Employment Security Commission	Administration		9,472,751	1,719,466					10,254,926	1,789,826	12,044,752	
1399	Dept of Labor, Licensing & Regulation	Administration	562,140		2,947,282						2,947,282	3,509,422	
1353	Department of Consumer Affairs	Administration	571,620		296,713	37,098					355,619	927,239	
1346	Department of Insurance	Administration	583,396		29,338							457,219	
1335	Second Injury Fund	Administration			555,814						567,040	567,040	
1321	Public Service Commission	Administration			736,760						419,038	419,038	
1525	Office of Regulatory Staff	Administration			1,107,234						549,575	549,575	
1308	Department of Commerce	Administration	2,768,308		254,000	589,527					31,765	2,800,073	
1308	Department of Commerce	Savings								(289,527)		(289,527)	
1266	Dept of Parks, Recreation & Tourism	Executive Office - Tourism	695,629							695,629		695,629	
1267	Dept of Parks, Recreation & Tourism	Administration - Tourism	831,703							831,703		831,703	
1268	Dept of Parks, Recreation & Tourism	Communications-Tourism	70,439							70,439		70,439	
1220	Department of Agriculture	Administrative Services	1,338,525	11,385	83,814					1,338,525	11,285	37,514	1,387,324
1220	Department of Agriculture	Savings from Internally Reassigning Home Economics Activities								(25,000)		(25,000)	
657	Technical & Comp. Education	Economic Development - Administration	2,422,793							2,422,793		2,422,793	
114	Secretary of State	Administration	372,733		50,000					372,733		50,000	422,733
648	Technical & Comp. Education	Florence-Darlington - Entrepreneurial Operating Equipment	500,000										500,000
1476	Clemson University-PSA	Gov't & Public Affairs Research & Education	188,989	98,702	48,825	18,849					98,702	48,825	147,527
1484	Clemson University-PSA	Rural Community Leadership Development	373,298	273,339	135,209	52,197					273,339	135,209	408,548
1500	Clemson University-PSA	Rural Community Public Issues Education	72,680	37,964	18,779	7,250					37,964	18,779	56,743
1513	Clemson University-PSA	Community and Economic Affairs Research and Education	159,897	83,420	41,311	15,949					83,420	41,311	124,731
1284	Dept of Parks, Recreation & Tourism	Pass Through Funds - Line Item: Canadian Day	85,000										85,000
1285	Dept of Parks, Recreation & Tourism	Pass Through Funds - Line Item: Palmetto Bowl	380,000										380,000
1286	Dept of Parks, Recreation & Tourism	Pass Through Funds Freedom Weekend Aloft	250,000										250,000
1377	Dept of Labor, Licensing & Regulation	Board of Pyrotechnic Safety	35,000										35,000
1383	Dept of Labor, Licensing & Regulation	Auctioneers Commission			150,000							150,000	150,000
1387	Dept of Labor, Licensing & Regulation	Board of Registration for Foresters			45,000							45,000	45,000
1389	Dept of Labor, Licensing & Regulation	Board of Registration for Geologists			65,000							65,000	65,000
1392	Dept of Labor, Licensing & Regulation	Perpetual Care Cemetery Board			50,000							50,000	50,000
<b>Total</b>			<b>55,127,311</b>	<b>175,062,924</b>	<b>80,783,055</b>	<b>4,647,589</b>	<b>315,620,879</b>	<b>52,681,140</b>	<b>172,249,043</b>	<b>89,890,077</b>	<b>314,820,260</b>		

## Improve the Health of Our Citizens FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				
			General Funds	Federal Funds	Other Funds	Maybank Funding		Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
						Lottery						
----	Health & Human Services	Prevention Partnership Grants							5,000,000			5,000,000
----	MUSC	Hollings Cancer Research Center									1,000,000	1,000,000
----	Health & Human Services	Breast Cancer Screening Program Expansion						1,000,000				1,000,000
903	Health & Human Services	Nursing Home Services	105,554,683	257,471,937	5,422,059			368,448,679	113,357,787	261,657,222	5,422,059	380,437,068
904	Health & Human Services	Nursing Home Services Administration	1,710,569	3,742,267	2,000,000			7,452,836	1,710,569	3,742,267	2,000,000	7,452,836
966	Health & Environmental Control	Infectious Disease Prevention - General Sanitation Prog	2,194,169	111,467	3,279,728			5,585,364	2,235,233	186,211	3,608,442	6,029,886
968	Health & Environmental Control	Infectious Disease Prevention - Immunization Program	4,306,575	2,976,826	411,125			7,694,526	4,363,146	2,750,701	439,225	7,553,072
1002	Department of Mental Health	Long Term Inpatient Psych	9,515,393		8,625,400	169,535		18,310,328	9,684,928		6,397,837	16,082,765
894	Health & Human Services	DMH Medicaid Services		154,940,676	66,783,245			221,723,921		154,940,676	66,783,245	221,723,921
895	Health & Human Services	DDSN Medicaid Services		327,827,148	141,301,570			469,128,718		327,827,148	141,301,570	469,128,718
901	Health & Human Services	Hospital Services - Inpatient Care and Diagnostic, Therapeutic, Rehab and Palliative Outpatient Care	158,989,489	436,927,157	7,297,081			603,213,727	172,548,344	468,387,366	27,297,081	668,232,791
901	Health & Human Services	Implement High-Cost/High-Risk Recipient Management Program.							(1,000,000)			(1,000,000)
901	Health & Human Services	Savings from Implementing a High-Risk Prenatal Management Program							(1,000,000)			(1,000,000)
902	Health & Human Services	Hospital Services Administration	531,772	531,772				1,063,544	531,772	531,772		1,063,544
896	Health & Human Services	DHEC Medicaid Services		30,753,151	13,255,365			44,008,516		30,753,151	13,255,365	44,008,516
915	Health & Human Services	EPSDT Screening	3,332,663	8,397,481	286,858			12,017,002	3,588,164	8,990,313	286,858	12,865,335
916	Health & Human Services	EPSDT Screening Administration	886,773	2,413,994	140,000			3,440,767	886,773	2,413,994	140,000	3,440,767
978	Health & Environmental Control	Protection from Public Health Emergencies	93,582	17,728,545				17,822,127	93,582	26,360,115		26,453,697
588	Medical Univ. of S. Carolina	Public Service - Diabetes Center	289,088					289,088	289,088			289,088
951	Health & Environmental Control	Water Management - Drinking Water	2,433,230	3,109,085	3,894,725			9,437,040	2,433,230	4,348,202	4,184,262	10,965,694
970	Health & Environmental Control	Maternal and Infant Health	3,114,354	111,258,106	19,851,794			134,224,254	3,874,694	111,358,634	20,015,419	135,248,747
992	Health & Environmental Control	Emergency Medical Services	653,872	731,785	48,505			1,434,162	653,872	1,601,466	52,020	2,307,358
905	Health & Human Services	Pharmaceutical Services	148,941,771	477,597,636	72,954,612			699,494,019	164,697,785	514,180,907	72,954,612	751,833,304
905	Health & Human Services	Adjust Pharmaceutical Reimbursement Rate Toward More Market-Based Rate as Suggested by September 2004 US HHS Inspector General Report							(16,469,779)			(16,469,779)
905	Health & Human Services	Savings from Enhancing Pharmaceutical Fraud & Abuse Detection by Using Profiling Capabilities to Identify Savings from Prior Authorization of Growth Hormone Therapies							(500,000)			(500,000)
905	Health & Human Services	Savings from Decreasing Erectile Dysfunction Drug Limit from 3 pills/month to 1 pill/month							(250,000)			(250,000)
905	Health & Human Services	Savings from Decreasing Erectile Dysfunction Drug Limit from 3 pills/month to 1 pill/month							(10,000)			(10,000)
905	Health & Human Services	Implement pharmacy Verification of Benefits (VOB) process							(250,000)			(250,000)
905	Health & Human Services	Tighten Coordination of Benefit (COB) process							(250,000)			(250,000)
905	Health & Human Services	Contract for independent analysis of behavioral health claims data							(1,000,000)			(1,000,000)
906	Health & Human Services	Pharmaceutical Services Administration	216,907	3,789,613	1,190,902			5,197,422	216,907	3,789,613	1,190,902	5,197,422
897	Health & Human Services	MUSC Medicaid Services		22,099,928	9,525,613			31,625,541		22,099,928	9,525,613	31,625,541
900	Health & Human Services	Continuum of Care		8,201,863	3,535,205			11,737,068		8,201,863	3,535,205	11,737,068
----	Gov Off OEPP - Continuum of Care	Administrative Savings from Restructuring							(144,722)			(144,722)
917	Health & Human Services	Medical Professional Svcs.	4,693,710	12,023,724	488,811			17,206,245	5,069,888	12,896,556	488,811	18,455,255
917	Health & Human Services	State to Pursue Controls Within Federal Guidelines to Ensure Chiropractic Services are Rendered in Most Appropriate and Effective Manner							(100,000)			(100,000)
918	Health & Human Services	Medical Professional Svcs. Administration	94,459	94,459				188,918	94,459	94,459		188,918
925	Health & Human Services	Medicare Premium Payments	25,450,912	52,195,956	4,361,816			82,008,684	28,135,230	53,195,183	4,361,816	85,692,229
926	Health & Human Services	Hospice Care	1,349,207	3,510,179	122,566			4,981,952	1,452,525	3,749,906	122,566	5,324,997
927	Health & Human Services	Hospice Care Administration	34,985	34,985				69,970	34,985	34,985		69,970
936	Health & Human Services	Emotionally Disturbed Children		36,656,839	15,800,000			52,456,839		36,656,839	15,800,000	52,456,839
973	Health & Environmental Control	Chronic Disease Prevention	1,629,252	4,897,363	3,114			6,529,729	1,698,208	5,793,704	96,553	7,588,465
974	Health & Environmental Control	Youth Smoking Prevention		586,000				586,000		586,000	11,031	597,031
1004	Department of Mental Health	Inpatient Psych for Children	8,810,282	484,402	4,620,405	123,298		14,038,387	8,933,580	484,402	4,620,405	14,038,387

## Improve the Health of Our Citizens FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan			
			General Funds	Federal Funds	Other Funds	Maybank Funding		Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
						Funding	Lottery					
601	Area Health Education Consortium	Recruitment - Rural Physician Program	689,845					689,845	689,845			689,845
608	Area Health Education Consortium	Instruction-Family Medicine Residency	6,173,845					6,173,845	6,173,845			6,173,845
888	Health & Human Services	Clinic Services	22,692,920	60,811,525	2,963,307			86,467,752	24,835,798	65,783,579	2,963,307	93,582,684
889	Health & Human Services	Clinic Services Administration	145,538	145,538				291,076	145,538			291,076
892	Health & Human Services	Managed Care	16,893,160	44,240,789	1,863,378			62,997,327	18,629,308	48,269,089	1,863,378	68,761,775
893	Health & Human Services	Managed Care Administration	428,906	428,906				857,812	428,906	428,906		857,812
1032	Disabilities and Special Needs	Regional Cntrs-Intermdte Care Facil/Mental Retardation (ICF/MR)	51,366,193	41,500	49,484,786			100,892,479	51,366,193	41,500	47,988,524	99,396,217
890	Health & Human Services	Durable Medical Equipment	11,950,769	31,066,631	1,191,280			44,208,680	12,892,505	33,251,714	1,191,280	47,335,499
891	Health & Human Services	Durable Medical Equipment Administration	216,907	216,907				433,814	216,907			433,814
907	Health & Human Services	Physician Services	66,715,980	176,546,553	7,902,113			251,164,646	81,193,888	205,291,845	7,902,113	294,387,846
908	Health & Human Services	Physician Services Administration	857,132	857,132				1,714,264	857,132	857,132		1,714,264
909	Health & Human Services	Dental Services	26,451,416	74,795,935	4,934,463			106,181,814	28,421,511	79,367,104	4,934,463	112,723,078
910	Health & Human Services	Dental Services Administration	174,925	174,925				349,850	174,925			349,850
911	Health & Human Services	Community Long Term Care	27,638,910	69,912,710	2,098,406			99,650,026	29,371,482	73,932,736	2,098,406	105,402,624
912	Health & Human Services	Community Long Term Care Administration	8,267,770	9,828,154	200,000			18,295,924	7,767,770	9,828,154	200,000	17,795,924
913	Health & Human Services	Home Health Services	2,575,647	10,694,335	1,330,307			14,600,289	2,830,767	11,286,285	1,330,307	15,447,359
914	Health & Human Services	Home Health Services Administration	34,985	34,985				69,970	34,985	34,985		69,970
921	Health & Human Services	Lab and X-Ray Services	8,007,071	19,633,932	455,637			28,096,640	8,687,667	21,213,092	455,637	30,356,396
922	Health & Human Services	Lab and X-Ray Services Administration	50,728	50,728				101,456	50,728	50,728		101,456
972	Health & Environmental Control	Maternal & Infant Health-Newborn Hearing & Screening Prog	750,000					750,000	803,348			803,348
975	Health & Environmental Control	Assuring Public Health Services	38,616,293	20,385,772	31,797,776	7,675,331		98,475,172	42,325,121	18,442,194	24,685,113	85,452,428
977	Health & Environmental Control	Minority Health	356,181	736,207	117,394			1,209,782	356,181	298,938	9,378	664,497
984	Health & Environmental Control	Independent Living - Home Health Program	250,553		32,858,703			33,109,256	250,553	452	29,568,079	29,819,084
995	Health & Environmental Control	Vital Records	226,963	1,689,856	4,711,724			6,628,543	226,963	1,728,480	4,604,897	6,560,340
996	Department of Mental Health	Traditional Community Mental Health Services	61,585,526	7,350,100	77,958,136	3,387,103		150,280,865	62,972,629	9,487,127	83,469,658	155,929,414
1003	Department of Mental Health	Acute Psych	20,220,210	26,988	18,350,167	339,070		38,936,435	20,559,280	26,988	18,350,167	38,936,435
1007	Department of Mental Health	Nursing Home for Mentally Ill	13,033,541	3,191	13,387,003	1,043,514		27,467,249	13,033,541	3,191	12,700,746	25,737,478
1024	Disabilities and Special Needs	Head and Spinal Cord Injury Waiver Services	2,771,979		2,870,363			5,642,342	2,771,979		2,870,363	5,642,342
1026	Disabilities and Special Needs	Intermediate Care Facility/Mental Retardation (ICF-MR)	42,019,806	215,767	9,802,503	218,572		52,256,648	42,238,378	215,767	9,802,503	52,256,648
1027	Disabilities and Special Needs	Mental Retardation - Community Training Homes	2,923,247		94,578,813	409,531		97,911,591	3,332,778		96,225,926	99,558,704
1027	Disabilities and Special Needs	Funding to Provide Service for More Patients in Lieu of Pay Increase for Non-state employees							2,311,828			2,311,828
1028	Disabilities and Special Needs	Mental Retardation - Assisted Living	212,774		9,931,645	42,609		10,187,028	255,383		9,931,645	10,187,028
236	Budget & Control Board	Employee Insurance Financial Services			3,211,576			3,211,576			3,339,825	3,339,825
606	Area Health Education Consortium	Recruitment-Ntl Hlth Services Corps Loan Repayment		320,000				320,000		320,000		320,000
919	Health & Human Services	Transportation Services	13,280,829	31,661,496	366,055			45,308,380	14,215,003	33,829,040	366,055	48,410,098
920	Health & Human Services	Transportation Services Administration	262,387	262,387				524,774	262,387	262,387		524,774
937	Health & Human Services	Disproportionate Share	14,000,000	278,220,000	105,180,371			397,400,371	14,000,000	469,085,874	196,736,540	679,822,414
942	Health & Human Services	Medicaid Eligibility	5,358,476	15,086,196	10,308,981			30,753,653	5,358,476	15,086,196	10,308,981	30,753,653
1031	Disabilities and Special Needs	Head and Spinal Cord Injury Assisted Living	142,756		432,619			575,375	142,756		432,619	575,375
209	Budget & Control Board	Health & Demographics	983,149	244,012	2,257,248			3,484,409	983,149	291,321	2,477,659	3,752,129
898	Health & Human Services	USC Medicaid Services		4,456,836	1,921,006			6,377,842		4,456,836	1,921,006	6,377,842
899	Health & Human Services	DAODAS Medicaid Services		9,401,934	4,052,465			13,454,399		9,401,934	4,052,465	13,454,399
928	Health & Human Services	Residential Care Facility	17,552,962		526,084			18,079,046	18,640,895		526,084	19,166,979
929	Health & Human Services	Residential Care Facility Administration	34,985	34,985				69,970	34,985	34,985		69,970
930	Health & Human Services	Integrated Personal Care	279,702	691,192	5,540			976,434	307,437	755,544	5,540	1,068,521
887	Health & Human Services	Integrated Personal Care Administration	214,811	214,811				429,622	214,811	214,811		429,622
939	Health & Human Services	Palmetto Senior Care		8,363,327	3,604,800			11,968,127		8,363,327	3,604,800	11,968,127
985	Health & Environmental Control	Independ. Living-Children w/ Special Hlth Care Needs Prog	7,162,052	8,866,909	1,482,106			17,511,067	8,340,011	9,172,326	1,733,532	19,245,869
1015	Disabilities and Special Needs	Center Based Child Development			1,318,276			1,318,276			1,318,276	1,318,276
1020	Disabilities and Special Needs	Adult Development and Supported Employment	8,534,826		37,150,608	1,326,264		47,011,698	9,861,090		37,150,608	47,011,698
1030	Disabilities and Special Needs	Head and Spinal Cord Injury Community Training Homes	233,971		483,835			717,806	233,971		483,835	717,806
983	Health & Environmental Control	Rape Violence Prevention	858,415	357,553				1,215,968	858,415	1,013,941		1,872,356

## Improve the Health of Our Citizens FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				
			General Funds	Federal Funds	Other Funds	Maybank Funding		Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
						Lottery						
1037	Alcohol & Other Drug Abuse Serv	Chemical Depend. Community-Based Treatment Serv	5,244,764	17,642,266	877,632	585,874		24,350,536	5,830,638	15,763,150	1,137,009	22,730,797
1037	Alcohol & Other Drug Abuse Serv	Funding to Provide Service for More Patients in Lieu of Pay Increase for Non-state employees							171,518			171,518
88	Lieutenant Governor	Regional Level Activity Flow Thru Fndng Title III Part B Community-Based Support Serv	296,470	4,501,131	1,954,345			6,751,946	296,470	9,834,151		10,130,621
93	Lieutenant Governor	St Level Activity-Medicare Counseling Program-I-CARE		102,694				102,694		102,694		102,694
98	Lieutenant Governor	Regional Level Activity - Flow Thru Funding - Caregiver Support Program			618,900			618,900		243,512	618,900	862,412
604	Area Health Education Consortium	Instruction		1,091,093				1,091,093		1,000,802		1,000,802
923	Health & Human Services	Family Planning Services	2,472,376	24,251,926	129,627			26,853,929	2,617,035	24,251,926	129,627	26,998,588
924	Health & Human Services	Family Planning Services Administration	239,997	239,997				479,994	239,997	239,997		479,994
993	Health & Environmental Control	Emerg. Medical Serv.-Counties & Regions (pass thru)	1,581,777		48,686			1,630,463	1,581,777		48,686	1,630,463
1014	Disabilities and Special Needs	Early Intervention	746,870		7,228,618	2,504,102		10,479,590	3,050,972		7,228,618	10,279,590
1517	Vocational Rehabilitation	Residential Substance Abuse Treatment Centers	635,520	1,724,228	10,795			2,370,543	635,520	1,724,228	10,795	2,370,543
931	Health & Human Services	School for the Deaf and Blind		1,626,768	701,177			2,327,945		1,626,768	701,177	2,327,945
932	Health & Human Services	DSS Medicaid Services		41,439,636	17,861,503			59,301,139		41,439,636	17,861,503	59,301,139
988	Health & Environmental Control	Radiological Health	812,651	204,256	1,013,621			2,030,528	812,651	226,673	866,351	1,905,675
999	Department of Mental Health	Crisis Stabilization	8,941,383	463,033	5,198,062	129,463		14,731,941	11,941,383	581,098	5,198,062	17,720,543
1000	Department of Mental Health	Family Preservation	1,242,534	691,273	1,200,738	27,744		3,162,289	1,270,278	691,273	1,200,738	3,162,289
61	Governor's Office - OEPP	Advocacy		178,684				178,684		178,684		178,684
75	Governor's Office - OEPP	Grants Administration (Formula)	7,000	30,046,734	520,000			30,573,734	7,000	28,199,648	520,000	28,726,648
87	Lieutenant Governor	State Level Activity Home and Community-based Services	71,579	214,737				286,316	71,579	214,737		286,316
87	Lieutenant Governor	Funding to Provide Service for More Patients in Lieu of Pay Increase for Non-state employees							71,376			71,376
94	Lieutenant Governor	State Level Activity - Medicare Fraud	26,536	79,607				106,143	26,536	172,107		198,643
97	Lieutenant Governor	State Level Activity - Family Caregiver Support Program	17,712	53,135				70,847	17,712	53,135		70,847
237	Budget & Control Board	Employee Insurance Customer Services			4,554,892			4,554,892			4,736,784	4,736,784
594	Area Health Education Consortium	Instruction-Continuing Education	1,263,285					1,263,285	1,263,285			1,263,285
600	Area Health Education Consortium	Recruitment - Rural Physician Program	71,643					71,643	71,643			71,643
602	Area Health Education Consortium	Recruitment - Nursing Recruitment Center	37,955					37,955	37,955			37,955
609	Area Health Education Consortium	Instruct.-Graduate Doctor Educ Residency Trng Prog (excluding Family Medicine Residency Training Prog)	4,111,923					4,111,923	4,111,923			4,111,923
950	Health & Environmental Control	Underground Storage Tanks		3,428,858	1,231,840			4,660,698		3,500,730	2,645,376	6,146,106
1008	Department of Mental Health	Veterans Nursing Homes	5,737,343		9,332,756	941,793		16,011,892	6,679,136		9,284,998	15,964,134
1022	Disabilities and Special Needs	Autism Family Support	627,352	20,000	5,234,034			5,881,386	627,352	20,000	5,234,034	5,881,386
934	Health & Human Services	Dept of Education Medicaid		55,561,416	23,948,338			79,509,754		55,561,416	23,948,338	79,509,754
945	Health & Human Services	Special Projects - Head Start funded; Unrelated Special Projects Pass Throughs Eliminated	434,000	300,000		234,000		968,000	200,000	300,000		500,000
935	Health & Human Services	Commission for the Blind		20,212	8,712			28,924		20,212	8,712	28,924
943	Health & Human Services	Medicaid Eligibility Support	1,443,756	1,443,756				2,887,512	1,443,756	1,443,756		2,887,512
946	Health & Human Services	Audits/Compliance	866,739	866,739				1,733,478	866,739	866,739		1,733,478
986	Health & Environmental Control	Independ. Living-Sickle Cell Program	970,750					970,750			25,000	995,750
1035	Alcohol & Other Drug Abuse Serv	Chemical Depend Community-Based Prevention Serv	102,144	8,266,660	107,482			9,476,286	102,144	7,720,383	227,757	8,050,284
967	Health & Environmental Control	Infectious Disease Prevent.-Surveillance, Investigation & Control Prog	6,438,172	42,812,677	106,829			49,357,678	6,438,172	47,435,229	74,745	53,948,146
1025	Disabilities and Special Needs	Head and Spinal Cord Injury Family Support	190,383	30,000	1,348,778	391,241		1,960,402	190,383	130,000	1,274,701	1,595,084
1029	Disabilities and Special Needs	Autism Community Training Homes	2,245,843		5,760,460			8,006,303	2,245,843		6,260,644	8,506,487
96	Lieutenant Governor	Senior Center Development Permanent Improvement Projects			3,000,000			3,000,000			3,000,000	3,000,000
99	Lieutenant Governor	State Level Activity - Information & Assistance		108,499				108,499		395,296		395,296
111	Lieutenant Governor	State Level Activity - Competitive Grant Awards	145,000		150,000			295,000	145,000			145,000
850	Vocational Rehabilitation	Disability Determination Services		28,595,000	650,000			29,245,000		28,545,000	3,453,362	31,998,362
940	Health & Human Services	MUSC Maxillofacial Services	250,000					250,000	250,000			250,000
944	Health & Human Services	Automated Claims Processing	9,285,358	30,911,409	2,939,098			43,135,865	9,285,358	30,911,409	2,939,098	43,135,865
991	Health & Environmental Control	Certification		5,142,454	253,317			5,395,771		4,916,113	267,727	5,183,840
994	Health & Environmental Control	Laboratory	521,463	2,854,870	3,493,687			6,870,020	521,463	2,705,670	5,884,058	9,111,191

## Improve the Health of Our Citizens FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan			
			General Funds	Federal Funds	Other Funds	Maybank		Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
						Funding	Lottery					
1001	Department of Mental Health	Deaf Services	426,514	92,416	6,420	3,080		528,430	426,514	92,416	6,420	525,350
1006	Department of Mental Health	Inpatient Alcohol & Drug	5,469,030		1,961,319	2,892,474		10,322,823	6,669,030		1,961,319	8,630,349
1016	Disabilities and Special Needs	Other Family Support		1,668,552	509,641			2,178,193		1,668,552	509,641	2,178,193
1018	Disabilities and Special Needs	Waiver Services	9,132,256	140,000	24,650,669			33,922,925	9,132,256	140,000	23,750,120	33,022,376
1019	Disabilities and Special Needs	Respite/Family Support Stipends			2,571,997	2,861,725		5,433,722	2,561,725		2,571,997	5,133,722
1036	Alcohol & Other Drug Abuse Serv	Chemical Depend. Community-Based Intervention Serv	55,951	1,168,356	48,296			1,272,603	55,951	1,087,426	52,443	1,195,820
1038	Alcohol & Other Drug Abuse Serv	Direct Chemical Dependency Services	25,758	620,934	588,904			1,235,596	25,758		471,387	497,145
1218	Department of Agriculture	Inspection Services			1,931,496			1,931,496			2,131,938	2,131,938
1222	South Carolina State PSA	Nutrition Education, Diet, and Health	384,514	392,592				777,106	384,514	392,592		777,106
982	Health & Environmental Control	Drug Control			1,968,094			1,968,094			2,021,634	2,021,634
95	Lieutenant Governor	Regional Level Activity - Medicare Fraud			29,321			29,321				
141	Attorney General	The Medicaid Fraud Control Section	306,146	918,438	68,382			1,292,966	306,146	969,122	133,382	1,408,650
273	Budget & Control Board - Auditor	Medicaid Audits	1,108,149					1,108,149	1,108,149			1,108,149
605	Area Health Education Consortium	Instruction	71,143	470,284				541,427	71,143	336,122		407,265
607	Area Health Education Consortium	Miscellaneous Federal Grant Opportunities		490,050				490,050		640,050		640,050
1021	Disabilities and Special Needs	Service Coordination	2,871,774		11,979,289	304,836		15,155,899	2,871,774		11,979,289	14,851,063
1021	Disabilities and Special Needs	Redirect underutilized service coordination funds to provide more direct services to clients							(350,000)			(350,000)
1034	Alcohol & Other Drug Abuse Serv	Chemical Dependency Service Accountability	257,783	724,544	491,380			1,473,707	257,783	626,534	516,043	1,400,360
1214	Department of Agriculture	Laboratory Services	1,358,693	5,000	201,037			1,564,730	1,358,693	5,000	161,037	1,524,730
1214	Department of Agriculture	Eliminate Duplicative Testing of Milk within DHEC Jurisdiction							(60,000)			(60,000)
1516	Vocational Rehabilitation	Residential Substance Abuse Treatment Centers Case Services, Purchased		30,573				30,573		30,573		30,573
938	Health & Human Services	Other Entities Medicaid Ser	7,292,776	62,220,985	19,526,000			89,039,761	7,292,776	62,220,985	19,526,000	89,039,761
941	Health & Human Services	Other Agencies Administration	411,423	28,557,763	27,197,410			56,166,596	411,423	28,557,763	27,197,410	56,166,596
947	Health & Human Services	Internal Information Technology	1,645,660	1,645,660				3,291,320	1,645,660	1,645,660		3,291,320
990	Health & Environmental Control	Health Facilities Licensing	1,537,367		697,991			2,235,358	1,537,367		788,340	2,325,707
60	Governor's Office - OEPP	Intensive Case Management	3,682,644		4,995,567			8,678,211	3,682,644		5,113,684	8,796,328
595	Area Health Education Consortium	Health Professions Student Programs	590,171					590,171	590,171			590,171
599	Area Health Education Consortium	Recruitment - Palmetto Initiative for Excellence (PIE)	74,440					74,440	74,440			74,440
1011	Department of Mental Health	Continuum of Care & Representation of the Mentally Ill	192,192		800,000			992,192	192,192		800,000	992,192
1331	Patient's Compensation Fund	Oversight Management			300,000			300,000			300,000	300,000
933	Health & Human Services	DJJ Medicaid Services		18,739,818	8,077,323			26,817,141				
100	Lieutenant Governor	Regional Level Activity - Flow Thru Funding - Information and Assistance	11,451	194,675	48,728			254,854	11,451	112,258		123,709
110	Lieutenant Governor	State Level Activity - Alzheimer's Resource Coordination Center	5,000					5,000	5,000			5,000
953	Health & Environmental Control	Water Management Recreational Waters Program			582,424			582,424			678,738	678,738
958	Health & Environmental Control	Air Quality Improvement - Asbestos Program			260,532			260,532			242,573	242,573
1023	Disabilities and Special Needs	Head and Spinal Cord Injury Service Coordination			1,819,483			1,819,483			1,819,483	1,819,483
1039	Alcohol & Other Drug Abuse Serv	Gambling Services		14,449	1,690			16,139			355	355
969	Health & Environmental Control	Palmetto Aids Life Support	18,158					18,158	18,158			18,158
989	Health & Environmental Control	Health Facilities & Services Development	824,059	40,688	210,083			1,074,830	824,059	294,666	267,825	1,386,550
1009	Department of Mental Health	Sexually Violent Predator Program	3,087,131		140,665	1,036,989		4,264,785	3,087,131		140,665	3,227,796
1012	Disabilities and Special Needs	Greenwood Genetic Center	605,411		4,439,041	974,438		6,018,890	605,411		4,728,341	5,333,752
1013	Disabilities and Special Needs	Other Prevention	26,741	144,564				171,305	26,741	144,564		171,305
1328	Patient's Compensation Fund	Risk Management Services			26,500			26,500			26,500	26,500
1329	Patient's Compensation Fund	Claims Service			117,098			117,098			117,098	117,098
1509	Clemson PSA	Food Safety and Nutrition	2,879,970	1,989,625	45,892	254,409		5,169,896	2,879,970	1,989,625	45,892	4,915,487
597	Area Health Education Consortium	Regional Center Administration	367,129					367,129	367,129			367,129
598	Area Health Education Consortium	Miscellaneous Other Funds			1,928,933			1,928,933			1,088,933	1,088,933
----	Department of Mental Health	Savings from Implementing Statewide Enterprise Accounting System							(600,000)			(600,000)
----	Department of Mental Health	General Fund Savings from Increasing Collections by 10% per Recent LAC Report Recommendations							(840,000)		840,000	

## Improve the Health of Our Citizens FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				
			General Funds	Federal Funds	Other Funds	Maybank Funding	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
----	Health & Environmental Control	General Fund Savings from Increasing Collections by 10% per Recent LAC Report Recommendations							(180,000)		180,000	
610	Area Health Education Consortium	System Wide Administration/Coordination	499,119					499,119	499,119			499,119
948	Health & Human Services	Agency Administration	1,946,246	7,730,348	889,512			10,566,106	1,946,246	9,042,129	1,040,757	12,029,132
949	Health & Environmental Control	Administration	8,892,460		14,218,237			23,110,697	8,892,460	33,000	14,972,981	23,898,441
949	Health & Environmental Control	Administrative savings from restructuring DHEC EQC							(1,070,107)			(1,070,107)
949	Health & Environmental Control	Administrative savings from restructuring DHEC Health							(4,576,711)			(4,576,711)
949	Health & Environmental Control	Administrative savings from consolidating regional offices and RIF							(1,000,000)			(1,000,000)
1010	Department of Mental Health	Administration	13,119,768		783,317	129,463		14,032,548	13,119,768		1,344,831	14,464,599
----	Department of Mental Health	Administrative savings from restructuring							(6,279,997)			(6,279,997)
1033	Disabilities and Special Needs	Administration	3,903,606		3,427,094			7,330,700	3,903,606		3,461,385	7,364,991
----	Disabilities and Special Needs	Administrative savings from restructuring							(1,982,222)			(1,982,222)
1040	Alcohol & Other Drug Abuse Serv	Alcohol and Drug Abuse Administration	300,536	620,193	82,995			1,003,724	300,536		72,231	372,767
----	Alcohol & Other Drug Abuse Serv	Administrative savings from restructuring							(299,120)			(299,120)
1327	Patient's Compensation Fund	Membership Services			893,801			893,801			893,801	893,801
1330	Patient's Compensation Fund	Administration			117,097			117,097			117,097	117,097
603	Area Health Education Consortium	Library Information Service - Savings from Activity Funded with Other Funds	118,933		66,067			185,000			66,067	66,067
987	Health & Environmental Control	Camp Burnt Gin - General Fund Savings From Moving to Non-state Voluntary Charity Status	180,457					180,457			5,285	5,285
1017	Disabilities and Special Needs	General Fund Savings by Making Special Olympics Contributions Voluntary	174,175		130,825			305,000			130,825	130,825
596	Area Health Education Consortium	Student Development and Diversity Programs	471,096					471,096				
52	Governor's Office - OEPP	Case Management Training General Fund Savings from Eliminating Pass Throughs	54,176					54,176				
1492	Clemson PSA	Agro Medicine (pass-thru) General Fund Savings from Eliminating Pass Throughs	177,247			26,837		204,084				
979	Health & Environmental Control	Family Health Centers (pass thru funds) - General Fund Savings from Eliminating Pass Throughs	444,603					444,603				
980	Health & Environmental Control	Family Hlth Center Lancaster-Kershaw (pass thru) - General Fund Savings from Eliminating Pass Throughs	175,738					175,738				
971	Health & Environmental Control	Kids Count - General Fund Savings from Eliminating Pass Throughs	42,058					42,058				
		<b>Total</b>	<b>1,120,326,668</b>	<b>3,302,699,303</b>	<b>1,164,604,450</b>	<b>28,033,295</b>	<b>1,000,000</b>	<b>5,616,663,716</b>	<b>1,175,269,377</b>	<b>3,621,324,670</b>	<b>1,269,555,159</b>	<b>6,066,149,206</b>

## Improve Protections and Well-being for Our Children and Adults FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				FY 04-05
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	Capital Reserve Fund
1092	Department of Social Services	Child Abuse and Neglect - Intake and Assessment	3,010,064	14,910,396	5,909,922	502,373	24,332,755	3,681,021	17,019,313	5,292,017	25,992,351	
1094	Department of Social Services	Child Protective Treatment Services - In-Home	3,822,881	15,790,754	5,181,589	614,010	25,409,234	4,642,940	15,447,043	3,916,741	24,006,724	
1095	Department of Social Services	Foster Care Services	5,670,515	20,918,587	10,605,639	671,077	37,865,818	6,548,475	21,999,019	8,297,843	36,845,337	
1088	Department of Social Services	Adoption Services	1,785,213	3,407,245	4,439,459	298,214	9,930,131	2,157,140	4,232,868	3,971,758	10,361,766	
1089	Department of Social Services	Adoption Subsidy- Legal Costs	750,000	750,000			1,500,000	750,000	750,000		1,500,000	
1096	Department of Social Services	Foster Home Payments	4,714,863	15,847,087	15,888,328	809,300	37,259,578	5,524,163	13,311,076	2,856,323	21,691,562	
1090	Department of Social Services	Adoption Subsidy- Special Needs	7,866,719	13,465,816			21,332,535	7,866,719	12,056,459	1,546,687	21,469,865	
1100	Department of Social Services	Foster Care Treatment Services for Emotionally Disturbed Children	12,704,529	4,072,481	15,604,268	421,316	32,802,594	13,187,828	4,831,852	10,125,359	28,145,039	
839	Vocational Rehabilitation	Direct Client Placement Services	8,171,472	24,592,053	1,055,205	992,661	34,811,391	9,164,133	26,471,767	1,054,047	36,689,947	
1104	Department of Social Services	Temporary Assistance to Needy Families (TANF)/Family Independence	15,190,759	78,241,902	8,329,349	923,485	102,685,495	17,554,362	58,355,087	13,225,040	89,134,489	
1126	Commission for the Blind	Vocational Rehab Services	281,708	2,910,169		50,000	3,241,877	331,708	2,910,169		3,241,877	
1128	Commission for the Blind	Training and Employment	225,088	489,718	80,000		794,806	225,088	489,718	80,000	794,806	
90	Lieutenant Governor	Flow Thru FndngTitle III Part C & USDA-Group Dining & Home Delivered Nutrition Serv. - Regional	726,786	7,873,961	3,303,826		11,904,573	726,786	9,019,145		9,745,931	
1105	Department of Social Services	Food Stamp Program	7,810,864	531,558,924	11,049,270	1,180,714	551,599,772	10,974,739	533,205,324	11,062,122	555,242,185	
1125	Commission for the Blind	Adjustment to Blindness		1,152,660			1,152,660		1,152,660		1,152,660	
1130	Commission for the Blind	Older Blind & Independent Living	20,000	387,732			407,732	20,000	387,732		407,732	
92	Lieutenant Governor	Flow Thru Fndng-Title V Employ. & Training Serv - Regional		980,233	108,915		1,089,148		545,932		545,932	
840	Vocational Rehabilitation	Purchased Case Services to Assist in Placement		10,275,000	225,000		10,500,000		8,850,000		8,850,000	
1103	Department of Social Services	Child Care	4,632,561	90,624,623	10,847,485		106,104,669	4,632,561	64,142,326	8,701,873	77,476,760	
89	Lieutenant Governor	Nutrition Services - State	89,011	251,931			340,942	89,011	251,931		340,942	
1106	Department of Social Services	Child & Adult Care Food, After School Snack Program, Emergency Shelters Food Program, Summer Food Serv Prog	56,420	32,443,796	281,152		32,781,368	56,420	30,826,050	319,384	31,201,854	
1107	Department of Social Services	USDA Food Distribution	81,024	8,992,416	8,488		9,081,928	81,956	8,323,691	67,716	8,473,363	
1101	Department of Social Services	Child Support Enforcement	3,870,138	27,869,672	12,426,179	14,060,604	58,226,593	5,088,074	22,551,507	10,464,903	38,104,484	
1101	Department of Social Services	Child Support Enforcement - Savings from Penalties & Implementation of Computer System Funded in CRF										11,500,000
1091	Department of Social Services	Adult Protective Services	1,804,411	6,193,956	3,798,506	224,325	12,021,198	2,295,150	3,861,818	3,066,473	9,223,441	
103	Lieutenant Governor	State Long Term Care Ombudsman Program - State	18,320	103,814			122,134	18,320	107,672		125,992	
104	Lieutenant Governor	State Long Term Care Ombudsman Program - Regional			30,965		30,965	310,000			310,000	
1099	Department of Social Services	Domestic Violence Prevention & Intervention Services	11,826	4,005,431	238,806		4,256,063	11,826	4,156,750	1,058,679	5,227,255	
849	Vocational Rehabilitation	Workshop Production			17,000,000		17,000,000		17,000,000		17,000,000	
843	Vocational Rehabilitation	Independent Living		315,000	35,000		350,000		315,000		315,000	
91	Lieutenant Governor	Employment and Training Services - State	6,943	62,490			69,433	6,943	62,490		69,433	
1097	Department of Social Services	Homemaker Services	183,567	1,993,670	3,513,614		5,690,851	183,567	3,573,258	629,086	4,385,911	
1148	Human Affairs Commission	Fair Housing Investigations		212,213			212,213		212,213		212,213	
842	Vocational Rehabilitation	Supported Employment		490,000			490,000		507,370		507,370	
846	Vocational Rehabilitation	Benefits Planning Assistance & Outreach (BPAO) Grant		400,000	15,000		415,000		392,130		392,130	
847	Vocational Rehabilitation	Extended Rehabilitation	131,848				131,848	131,848			131,848	
1132	Commission for the Blind	Low Vision Screening & Consulting Services For Children	132,004			75,000	207,004	207,004			207,004	
1129	Commission for the Blind	Prevention of Blindness	629,553			105,000	734,553	829,553	41,179		870,732	
73	Governor's Office - OEPP	Attorney Compensation	100,296		177,374		277,670	100,296		203,980	304,276	
105	Lieutenant Governor	Elder Abuse Prevention - State	2,500				2,500	2,500			2,500	
1098	Department of Social Services	Licensing Serv.-Foster Care & Group or Institutional Facilities & Child Placing Agencies	211,607	395,603	82,304		689,514	257,409	490,337	68,514	816,260	
1102	Department of Social Services	Child Care Licensing	174,081	433,724	2,383,591		2,991,396	174,081	3,460,697	336,452	3,971,230	
1093	Department of Social Services	Chafee Foster Care Independence Program	12,565	3,369,962	1,528,102		4,910,629	12,565	461,786	169,327	643,678	
76	Governor's Office - OEPP	Grants Administration Housing Grants to Assist Homeless	7,000	1,568,957			1,575,957	7,000	1,568,957		1,575,957	
1134	Housing Finance & Develop Auth.	Rental Assistance		102,897,556			102,897,556		102,093,162		102,093,162	
1136	Housing Finance & Develop Auth.	Homeownership			1,388,696		1,388,696			1,388,696	1,388,696	
868	State Library	Talking Book Services	15,000	375,301	25,000		415,301	15,000	452,303	25,000	492,303	
72	Governor's Office - OEPP	Recruit, Train, and Supervise Volunteer Lay Guardian Ad Litens	175,024		2,991,277		3,166,301	175,024		2,353,307	2,528,331	
848	Vocational Rehabilitation	Miscellaneous Grants		854,037	280,306		1,134,343		214,000	97,196	311,196	
106	Lieutenant Governor	Legal Assistance - State										

## Improve Protections and Well-being for Our Children and Adults FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan				FY 04-05 Capital Reserve Fund	
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds		Total Funds
1135	Housing Finance & Develop Auth.	Housing Initiatives		8,475,870			8,475,870		10,233,675		10,233,675	
1138	Housing Finance & Develop Auth.	Tax Credit			1,107,213		1,107,213			1,107,213	1,107,213	
1146	Human Affairs Commission	Employment Discrimination Investigations	267,525		416,205	225,908	909,638	493,433	71,387	442,205	1,007,025	
74	Governor's Office - OEPP	Commission on Women	100,000				100,000	100,000			100,000	
74	Governor's Office - OEPP	Savings from Partnership with Columbia College						(75,000)			(75,000)	
58	Governor's Office - OEPP	Veterans Disability & Claims Program	704,728			50,000	754,728	704,728			704,728	
845	Vocational Rehabilitation	SSI Program		2,000,000			2,000,000		1,999,000		1,999,000	
1145	Human Affairs Commission	Intake & Referral	146,560		130,542		277,102	146,560		130,542	277,102	
1147	Human Affairs Commission	Mediation --Personal Service, Operating	67,253				67,253	67,253			67,253	
65	Governor's Office - OEPP	Funding for Protection & Advocacy for Persons With Disabilities	297,938				297,938	297,938			297,938	
139	Attorney General	VAWA	25,000	100,000			125,000	25,000	74,425		99,425	
143	Attorney General	The Internet Crimes Against Children Section		250,575			250,575	250,575			250,575	
976	Dept of Health & Environ Control	Injury and Violence Protection		300,449			300,449	140,451		30,609	171,060	
62	Governor's Office - OEPP	Conduct statewide reviews of children in foster care	202,854		432,234	20,000	655,088	202,854		432,234	635,088	
64	Governor's Office - OEPP	Medicaid Review Program	162,683		345,787	20,000	528,470	162,683		345,787	508,470	
51	Governor's Office - OEPP	Developmental Disabilities Grant Making	60,534	1,968,462			2,028,996	60,534	1,987,462		2,047,996	
107	Lieutenant Governor	Advance Directives - State										
1149	Human Affairs Commission	Fair Housing - Education & Outreach		37,500			37,500		37,500		37,500	
844	Vocational Rehabilitation	Workshop Contracts			1,200,000		1,200,000			1,251,000	1,251,000	
998	Department of Mental Health	Employment Services	721,912	51,019	564,115	12,330	1,349,376	734,242	51,019	564,115	1,349,376	
1127	Commission for the Blind	Business Enterprise Program	229,754	717,382	402,520		1,349,656	229,754	717,382	402,520	1,349,656	
1127	Commission for the Blind	Business Enterprise Program - Savings From Program										
238	Budget & Control Board	Becoming Self-Supporting						(229,754)			(229,754)	
84	Lieutenant Governor	Adoption Assistance			8,687		8,687			8,687	8,687	
84	Lieutenant Governor	Quality Assurance	10,574	29,626			40,200	10,574	29,626		40,200	
112	Lieutenant Governor	Elder Care Trust Fund - State			9,100		9,100			9,100	9,100	
1152	Commission on Minority Affairs	African American Affairs	61,416		19,290		80,706	61,416		19,290	80,706	
1150	Commission on Minority Affairs	Hispanic/Latino Affairs			80,710		80,710			146,210	146,210	
1151	Commission on Minority Affairs	Native American Affairs			80,710		80,710			146,210	146,210	
63	Governor's Office - OEPP	Training for staff and Review Board volunteers.	40,170		86,447		126,617	40,170		204,299	244,469	
1429	Employment Security Commission	Welfare to Work Federal Grant Ended FY 04-05		1,200,000	600,000		1,800,000		1,200,000	600,000	1,800,000	
1109	Department of Social Services	Funding to Shelters and Other Items	3,080,009	2,125,000			5,205,009	3,080,009			3,080,009	
1524	Office of Regulatory Staff	Dual Party - Assistance for Hearing Impaired			2,500,000		2,500,000			2,500,000	2,500,000	
1142	Human Affairs Commission	Legal - Attorney, Administrative Positions	77,743				77,743	77,743			77,743	
841	Vocational Rehabilitation	In-Service Training		211,500	23,500		235,000		247,500		247,500	
66	Governor's Office - OEPP	Constituent Services/Ombudsman	179,101			75,000	254,101	179,101	1,584	6,645	187,330	
67	Governor's Office - OEPP	Constituent Services/Children's Affairs	137,394				137,394	137,394			137,394	
113	Lieutenant Governor	Elder Care Trust Fund - Local			75,000		75,000			75,000	75,000	
1143	Human Affairs Commission	Technical Services & Training	307,727		72,151		379,878	307,727		72,151	379,878	
1144	Human Affairs Commission	Community Relations			54,702		54,702			54,702	54,702	
1153	Commission on Minority Affairs	Research	71,621		19,290		90,911	71,621		19,290	90,911	
210	Budget & Control Board	Kids Count - General Fund Savings From Activity Funded from Other Funds	23,077		420,544		443,621			420,544	420,544	
101	Lieutenant Governor	Summer School of Gerontology - Other Fund Savings Due to Program Ending			45,000		45,000					
102	Lieutenant Governor	S.C. Conference on Aging - Other Fund Savings From Consolidating Aging Conferences			80,000		80,000					
85	Lieutenant Governor	Statistical Data Collection and Analysis	116,822	34,921			151,743	116,822	458,921		575,743	
1137	Housing Finance & Develop Auth.	Property Administration and Compliance			397,205		397,205			397,205	397,205	
68	Governor's Office - OEPP	Constituent Services/CCRS	97,541				97,541	97,541			97,541	
109	Lieutenant Governor	Local Provider Salary Supplement	729,411				729,411	729,411			729,411	
109	Lieutenant Governor	Funding to Support Investigations of Nursing Home Abuse in Lieu of Pay Increase for Non-state employees						(310,000)			(310,000)	
83	Lieutenant Governor	Administration	195,496	271,987			467,483	195,496	1,038,419		1,233,915	
86	Lieutenant Governor	Information Systems	21,548				21,548	21,548			21,548	
838	Vocational Rehabilitation	Administration	2,205,894	4,978,146			7,184,040	2,205,894	5,408,932	30,000	7,644,826	
----	Vocational Rehabilitation	Administrative Savings from Consolidation of Commission for the Blind with Vocational Rehabilitation						(495,142)			(495,142)	
1133	Commission for the Blind	Administration	788,472	823,910	30,000	60,014	1,702,396	788,472	823,910	30,000	1,642,382	

**Improve Protections and Well-being for Our Children and Adults  
FY 2005-06 Governor's Purchase Plan**

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan				FY 04-05	
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	Capital Reserve Fund
----	Commission for the Blind	Administrative Savings from Consolidation of Commission for the Blind with Vocational Rehabilitation						(150,952)			(150,952)	
1108	Department of Social Services	Administration	562,856	1,417,173	671,346		2,651,375	562,856	1,428,077	548,015	2,538,948	
1108	Department of Social Services	Savings by implementing a transition from the use of contract attys to FTEs.						(68,000)			(68,000)	
1108	Department of Social Services	Savings in travel costs by implementing distance learning for staff training						(36,000)			(36,000)	
1139	Housing Finance & Develop Auth.	Administration		156,157	2,425,020		2,581,177		156,157	3,664,096	3,820,253	
1140	Human Affairs Commission	Board of Commissioners	9,500				9,500	9,500			9,500	
1141	Human Affairs Commission	Administration	592,118				592,118	592,118			592,118	
1154	Commission on Minority Affairs	Administration	176,488			35,995	212,483	176,488			176,488	
108	Lieutenant Governor	McCormick Intergenerational Project	8,841				8,841					
1131	Commission for the Blind	Radio Reading Services	104,990			25,000	129,990					
		<b>Total</b>	<b>97,682,710</b>	<b>1,056,628,547</b>	<b>151,129,933</b>	<b>21,452,326</b>	<b>1,326,893,516</b>	<b>109,363,242</b>	<b>1,005,457,793</b>	<b>121,036,192</b>	<b>1,235,857,227</b>	<b>11,500,000</b>

## Improve the Quality of Our Natural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	
1192	Forestry Commission	Wildland Fire Suppression	9,367,109	1,058,415	251,000		11,616,820	10,307,405	1,058,415	251,000	11,616,820	
1192	Forestry Commission	Firefighting Equipment					940,296					1,100,000
952	Health & Environmental Control	Water Management - Water Pollution Control Program	8,303,810	11,239,382	8,337,914		27,881,106	8,303,810	10,179,861	9,133,396	27,617,067	
959	Health & Environmental Control	Land & Waste Management	2,667,211	11,072,286	12,662,931		26,402,428	2,933,932	7,057,341	11,485,128	21,476,401	
960	Health & Environmental Control	Land & Waste Management - Emerg Response	610,851	1,479,171	366,473		2,456,495	610,851	1,011,027	419,569	2,041,447	
1261	Department of Natural Resources	Hydrology Section	1,073,777				1,073,777	1,073,777		466,350	1,540,127	
1270	Dept of Parks, Recreation & Tourism	Privatization of lodging units, restaurants, campgrounds, retail operations, and golf courses						(1,410,000)			(1,410,000)	
1270	Dept of Parks, Recreation & Tourism	Replacement of General Funds with Other Funds from Recreation and Grants						(1,000,000)		1,000,000		
1270	Dept of Parks, Recreation & Tourism	State Parks--Field Operations	6,784,394		16,262,104		23,046,498	6,784,394		16,262,104	23,046,498	
1503	Clemson PSA	Livestock-Poultry Health Programs: Meat Inspection	1,321,901	1,321,901	80,000		2,723,802	1,454,091	1,311,900	80,000	2,845,991	
1504	Clemson PSA	Livestock-Poultry Health: Animal Health & Diagnostic Lab	565,440		149,366	336,353	1,051,159	848,160		149,366	997,526	
957	Health & Environmental Control	Air Quality Improvement	1,117,402	2,100,544	11,494,198		14,712,144	1,117,402	2,355,605	11,562,704	15,035,711	
1193	Forestry Commission	Wildland Fire Prevention	273,990	495,303	78,000		847,293	273,990	495,303	78,000	847,293	
1202	Forestry Commission	Forestry Best Management Practices		230,000	137,652		367,652		230,000	137,652	367,652	
1318	SC Conservation Bank	Grant and Loan programs			8,250,000		8,250,000			15,250,000	15,250,000	
1227	Department of Natural Resources	Marine Shellfish Monitoring and Management	272,013	203,154	408,275		883,442	272,013	203,154	408,275	883,442	
1228	Department of Natural Resources	Marine Finfish Monitoring and Management	688,959	2,022,945	576,914		3,288,818	688,959	2,022,945	576,914	3,288,818	
1229	Department of Natural Resources	Monitoring & Managing of Marine Crustacean Resources	450,357	318,597	164,021		932,975	450,357	318,597	164,021	932,975	
1232	Department of Natural Resources	Marine Environmental Monitoring and Management	514,352	1,333,944	253,849		2,102,145	514,352	1,333,944	1,588,328	3,436,624	
1237	Department of Natural Resources	Provide public information	467,568				467,568	467,568			467,568	
1238	Department of Natural Resources	Provide outreach and education services	344,557	106,563	35,850		486,970	344,557	106,563	35,850	486,970	
1238	Department of Natural Resources	Replacement of General Funds with Other Funds from License Revenue						(185,107)		185,107		
1242	Department of Natural Resources	Wildlife Regional Operations		2,051,336	4,336,591	165,131	6,553,058		10,341,665	5,411,110	15,752,775	
1244	Department of Natural Resources	District Operations		1,842,977	618,789	165,131	2,626,897		1,842,977	618,789	2,461,766	
1288	Dept of Parks, Recreation & Tourism	Executive Office - Parks	885,344				885,344	885,344			885,344	
1195	Forestry Commission	Forest Health - (Insects and Disease)	10,000	793,254			803,254	10,000	1,611,462		1,621,462	
954	Health & Environmental Control	Coastal Resource Improvement	1,069,424	4,936,303	819,892		6,825,619	1,069,424	4,323,932	1,234,318	6,627,674	
955	Health & Environmental Control	National Estuary Research Reserve		5,475,946			5,475,946		757,443		757,443	
961	Health & Environmental Control	Land & Waste Management - Waste Minimization Program	67,914	110,027	53,697		231,638	67,914	90,510	54,549	212,973	
1256	Department of Natural Resources	Heritage Trust Program	241,482	27,137	346,674	165,131	780,424	241,482	242,861	445,377	929,720	
1258	Department of Natural Resources	South Carolina State Climatology Office (SCO)	240,944				240,944	240,944			240,944	
1200	Forestry Commission	Forest Resource Development	146,033	421,595	117,252		684,880	146,033	421,595	117,252	684,880	
1204	Forestry Commission	State Forest Resource Management			1,440,000		1,440,000			1,862,736	1,862,736	
1226	Department of Natural Resources	Environmental Conservation	938,919	4,785,792	1,119,633		6,844,344	938,919	4,785,792	1,119,633	6,844,344	
1234	Department of Natural Resources	Game and fish licensing (Charleston Office)	8,326		49,227		57,553	8,326		49,227	57,553	
1235	Department of Natural Resources	Game and fish licensing (Columbia Office)	67,490		438,102		505,592	67,490		438,102	505,592	
1243	Department of Natural Resources	Statewide Projects - Wildlife Section	240,124	834,669	2,134,674	165,131	3,374,598	240,124	834,669	2,134,674	3,209,467	
1269	Dept of Parks, Recreation & Tourism	State Parks--Central Office Operations	806,850		296,040		1,102,890	806,850		296,040	1,102,890	
1497	Clemson PSA	Integrated Pest Mgmt (IPM) for Agriculture & Forestry	943,791	344,936	141,635	72,528	1,502,890	943,791	344,936	141,635	1,430,362	
1507	Clemson PSA	Regulatory and Public Service: Pesticide Regulation	358,921	385,209	670,729	79,371	1,494,230	358,921	464,153	670,729	1,493,803	
1515	Clemson PSA	Household and Structural Pest Control and Pesticide Training	414,191	216,348	110,281	38,051	778,871	414,191	216,348	110,281	740,820	
1515	Clemson PSA	Pesticide Applicator Licenses - Achieve self sufficiency						(207,080)			(207,080)	
1257	Department of Natural Resources	Conservation Districts	1,460,789	150,000			1,610,789	1,460,789	3,295,000		4,755,789	
1259	Department of Natural Resources	Southeast Regional Climate Center (SERCC)	25,000	150,000	300,000		475,000	25,000	150,000	724,150	899,150	
1262	Sea Grant Consortium	Research and Education		6,194,456	73,242		6,267,698		6,814,456	59,742	6,874,198	
----		Repayment of Barnwell Trust Fund From FY 04-05 Surplus								25,000,000	25,000,000	
1482	Clemson PSA	Sustainable Ag. Production Systems: Horticultural Crops	2,515,028	927,779	373,558	216,556	4,032,921	2,515,028	927,779	373,558	3,816,365	
1482	Clemson PSA	Savings from Deferring to Golf Industry to Fund Golf Related Turfgrass Research						(145,200)			(145,200)	
1493	Clemson PSA	Agricultural Biosecurity	65,200	20,414	7,164	4,776	97,554	65,200	20,414	7,164	92,778	

## Improve the Quality of Our Natural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	
1505	Clemson PSA	Regulatory and Public Service: Plant & Seed Certification	784,205	256,806	52,580	135,146	1,228,737	784,205	255,773	52,580	1,092,558	
1510	Clemson PSA	Sustainable Ag Production Sys: Animal Production Systems	2,839,766	1,057,791	420,830	244,163	4,562,550	2,839,766	1,057,791	420,830	4,318,387	
1514	Clemson PSA	Sustainable Agric. Production Systems: Agronomic Crops	3,570,126	1,354,018	557,462	306,396	5,788,002	3,570,126	1,354,018	557,462	5,481,606	
962	Health & Environmental Control	Land & Waste Management - Mining Program	364,685		94,680		459,365	364,685		124,844	489,529	
1196	Forestry Commission	Forest Management Assistance	852,126	1,000,689	350,000		2,202,815	852,126	1,000,689	350,000	2,202,815	
1203	Forestry Commission	State Forest Education			160,000		160,000			160,000	160,000	
1221	South Carolina State PSA	Sustainable Agriculture, Natl Res & Environment	481,915	688,452			1,170,367	481,915	688,452		1,170,367	
1231	Department of Natural Resources	Marine Education and Outreach	386,736	68,965	91,218		546,919	386,736	68,965	91,218	546,919	
1233	Department of Natural Resources	Special Marine Projects	107,920	411,343	40,859		560,122	107,920	3,578,353	40,859	3,727,132	
1239	Department of Natural Resources	South Carolina Wildlife (SCW) Magazine			1,041,484		1,041,484			1,041,484	1,041,484	
1252	Department of Natural Resources	Provide hunter education and promote hunter safety		663,327	185,107		848,434		663,327		663,327	
1252	Department of Natural Resources	Revenue from a \$17 Fee for Hunter Education								185,107	185,107	
1255	Department of Natural Resources	Provide boating access facility assistance			358,243		358,243			358,243	358,243	
1263	Sea Grant Consortium	Communications	74,044	113,222	25,000		212,266	74,044	113,222	25,000	212,266	
1264	Sea Grant Consortium	Sea Grant Extension Program		297,322			297,322		297,322		297,322	
1245	Department of Natural Resources	Hatchery Operations		330,137	1,391,157		1,721,294		607,222	1,391,157	1,998,379	
1273	Dept of Parks, Recreation & Tourism	Engineering	779,835				779,835	779,835			779,835	
1273	Dept of Parks, Recreation & Tourism	Moratorium on Annual Contribution to Recreation Land Trust due to a \$1.6 million balance						(385,000)			(385,000)	
1283	Dept of Parks, Recreation & Tourism	Palmetto Pride (Litter Control)			3,000,000		3,000,000			3,000,000	3,000,000	
1290	Dept of Parks, Recreation & Tourism	Communications - Parks	89,648				89,648	89,648			89,648	
1488	Clemson PSA	Natl Res. & Environ. Research & Education	992,860	360,871	82,610	75,880	1,512,221	992,860	360,871	82,610	1,436,341	
964	Health & Environmental Control	Savannah River Plant	89,461				89,461	89,461			89,461	
214	Budget & Control Board	Geodetic Network	758,811	360,757	104,300		1,223,868	758,811	460,254	158,543	1,377,608	
243	Budget & Control Board	State Energy Program		1,204,691	2,321,926		3,526,617		1,160,465	1,419,839	2,580,304	
1197	Forestry Commission	Federal Grants to Local Entities		185,000			185,000		185,000		185,000	
1199	Forestry Commission	Community Forestry Assistance		600,452			600,452		600,452		600,452	
1260	Department of Natural Resources	Geological Survey	490,859	200,000			690,859	490,859	200,000		690,859	
1487	Clemson PSA	Natl Res. & Environ. Res. & Educ: Water Quality & Quantity	575,198	319,954	60,962	42,837	998,951	575,198	319,954	60,962	956,114	
1491	Clemson PSA	Reducing the Impact of Animal Agriculture on Environment	272,310	147,001	63,716	21,985	505,012	272,310	147,001	63,716	483,027	
1512	Clemson PSA	Growth and Population Research and Education	14,536	7,593	3,756	1,450	27,335	14,536	7,593	3,756	25,885	
1282	Dept of Parks, Recreation & Tourism	Palmetto Trails	90,820				90,820	90,820			90,820	
1282	Dept of Parks, Recreation & Tourism	Palmetto Trails May be Funded by Applying for a Portion of the \$200,000 Increase in the Federal SYMMS Recreation Trails Program						(90,820)			(90,820)	
1272	Dept of Parks, Recreation & Tourism	Recreation & Grants	156,120	1,938,815	2,000,000		4,094,935	156,120	1,938,815	1,850,000	3,944,935	
1272	Dept of Parks, Recreation & Tourism	Moratorium on Full Contribution to Parks & Recreation Development Fund Due to a \$1.1 million balance								(1,000,000)	(1,000,000)	
1272	Dept of Parks, Recreation & Tourism	Transfer of Grant Administration Costs From General Funds to Other Funds						(156,120)		150,000	(6,120)	
1205	Forestry Commission	Forestry Program Outreach	126,800	43,641			170,441	126,800	43,641		170,441	
1246	Department of Natural Resources	Rediversion	32,236	201,765			234,001	32,236	201,765	264,161	498,162	
1251	Department of Natural Resources	Services provided through County Funds			1,003,687		1,003,687					
1251	Department of Natural Resources	Competitive Grants Program								2,000,000	2,000,000	
1251	Department of Natural Resources	Boating Access								500,000	500,000	
1297	Department of Commerce	Business Solutions - Recycling			150,000		150,000			150,000	150,000	
1240	Department of Natural Resources	Manage and grow the Wildlife Shop			396,052		396,052			396,052	396,052	
1489	Clemson PSA	Sustainable Ag. Production Systems: Nutraceutical Crops	359,813	112,660	37,269	28,617	538,359	359,813	112,660	37,269	509,742	
1490	Clemson PSA	Sustainable Ag. Production Systems: Organic Crops	74,036	29,324	12,213	6,482	122,055	74,036	29,324	12,213	115,573	
1501	Clemson PSA	NR&EnvRes&Ed: Coastal Natural Hazards	76,349	39,879	19,727	7,615	143,570	76,349	39,879	19,727	135,955	
1506	Clemson PSA	Boll Weevil Eradication Programs	134,974				134,974	134,974			134,974	
1201	Forestry Commission	Nurseries and Tree Improvement		60,000	755,000		815,000		60,000	856,304	916,304	
1483	Clemson PSA	The South Carolina Institute for Energy Studies	63,337			10,960	74,297	63,337			63,337	

## Improve the Quality of Our Natural Resources FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	
			1206	Forestry Commission	Administration	1,045,636			66,015	1,111,651	1,045,636	
1206	Forestry Commission	Agency Consolidation						(440,742)			(440,742)	
1225	South Carolina State PSA	Administration	125,520	492,602		152,013	770,135	125,520	492,602		618,122	
1236	Department of Natural Resources	Agency Support Services (Administration)	3,603,322		1,465,039		5,068,361	3,603,322		1,015,039	4,618,361	
1236	Department of Natural Resources	Agency Consolidation						(900,206)			(900,206)	
1265	Sea Grant Consortium	Administration	280,120	160,000	51,758	78,314	570,192	280,120	160,000	51,758	491,878	
1289	Dept of Parks, Recreation & Tourism	Administration - Parks	1,058,530		5,000		1,063,530	1,058,530		5,000	1,063,530	
1478	Clemson PSA	Administration	3,941,935	412,619	314,063	170,013	4,838,630	3,941,935	412,619	314,063	4,668,617	
956	Health & Environmental Control	Hunting Island Beach Renourishment	5,000,000				5,000,000					
965	Health & Environmental Control	Waste Contingency Fund	104,173				104,173					
1474	Clemson PSA	Nat Res&Env Resch & Ed: Master Wildlifer/Master Naturalist	114,522	59,819	29,590	11,423	215,354		59,819	29,590	89,409	
1479	Clemson PSA	Distance Education: Radio Productions	82,048		35,149		117,197			35,149	35,149	
1480	Clemson PSA	Distance Education: Television, Web and Print Productions	1,156,893				1,156,893					
1485	Clemson PSA	N. R. & Env.Research & Educ.: Recreation and Tourism	99,547	60,849	28,318	10,038	198,752		60,849	28,318	89,167	
1194	Forestry Commission	Law Enforcement - Timber Theft and Fraud	170,164		10,960		181,124			10,960	10,960	
1198	Forestry Commission	Forest Renewal Program Financial Assistance	200,000		552,596		752,596			552,596	552,596	
1230	Department of Natural Resources	Mariculture Aquaculture	936,821	675,407	246,330		1,858,558		675,407	246,330	921,737	
1494	Clemson PSA	Environmental Horticulture Education	308,056	160,909	82,022	28,300	579,287		160,909	82,022	242,931	
1498	Clemson PSA	Sustainable Forestry Mgmt & Environ. Enhancement	1,885,723	485,246	195,565	106,214	2,672,748		485,246	195,565	680,811	
1499	Clemson PSA	Natl Res & Environ Research & Educ: Nuisance Species	114,522	59,819	29,590	11,423	215,354		59,819	29,590	89,409	
1511	Clemson PSA	NR&EnvRes&Educ: Urban Wildlife	28,630	14,955	7,397	2,856	53,838		14,955	7,397	22,352	
		<b>Total</b>	<b>80,225,149</b>	<b>77,287,083</b>	<b>90,788,942</b>	<b>3,866,595</b>	<b>252,167,769</b>	<b>66,725,702</b>	<b>83,305,680</b>	<b>127,530,143</b>	<b>277,561,525</b>	<b>1,100,000</b>
								<b>74,670,256</b>				
								<b>80,225,149</b>				

## Improve the Safety of People and Property FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan					FY 04-05
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	New FTEs	Capital Reserve Fund
1172	Probation, Parole & Pardon Serv	Community Supervision - Regular	13,571,101	171,054	17,871,585	1,865,077	33,478,817	15,436,178	439,543	17,580,010	33,455,731		
1173	Probation, Parole & Pardon Serv	Community Supervision - Intensive	416,347		533,755		950,102	416,347		533,755	950,102		
30	Governor's Office - SLED	Investigative Services	4,724,956	2,604,626	1,165,454	1,550,000	10,045,036	6,274,956	4,445,323	2,021,454	12,741,733		
CRF	Governor's Office - SLED	Vehicles, Radio and Security Equipment											2,000,000
1058	Department of Public Safety	Highway Traffic Enforcement	35,172,000	1,759,790	12,290,298	3,557,473	52,779,561	38,729,473	967,384	9,980,192	49,677,049		
1058	Department of Public Safety	New Hwy Traffic Enforcement Troopers						4,554,675			4,554,675	100.00	
1058	Department of Public Safety	Vehicles and Other One-time Expenses for New Troopers											3,871,685
1060	Department of Public Safety	CMV Traffic Enforcement	164,049	556,799	19,896	46,604	787,348		556,799	230,549	787,348		
		General Fund savings as activity will be funded from increased gas tax collections											
1060	Department of Public Safety	Commercial Motor Vehicle (CMV) Safety Inspections	434,477	1,320,046	120,726	51,716	1,926,965	434,477	1,269,409	272,042	1,975,928		
1059	Department of Public Safety	CMV-Funded from Increased Gas Tax Collections to Allow Increased Funding for State Troopers						(434,477)		1,568,504	1,134,027		
1067	Department of Public Safety	Dyed Fuel Inspections - Increased Gas Tax collections will reduce reliance on General Funds	300,478		36,500	4,280	341,258			341,258	341,258		
1061	Department of Public Safety	Size & Weight Enforcement	2,014,713		2,521,740		4,536,453	2,014,713		2,521,740	4,536,453		
		Funded from Increased Gas Tax Collections to Allow Increased Funding for State Troopers						(2,014,713)			(2,014,713)		
1061	Department of Public Safety	Increased Gas Tax Collections to Allow Increased Funding for State Troopers											
1155	Department of Corrections	Incarcerate Offenders	192,662,541	1,218,090	5,667,265	7,018,856	206,566,752	199,862,836	1,106,690	5,667,265	206,636,791	71.00	
1155	Department of Corrections	Incarcerate Offenders						3,842,700			3,842,700	124.00	
1155	Department of Corrections	Facility Maintenance											5,000,000
1155	Department of Corrections	Freezer and Food Service Warehouse											4,400,000
		CRF Funding of \$4.4 Million for Freezer and Food Warehouse Will Save \$500,000 Annually						(500,000)			(500,000)		
1155	Department of Corrections	Vehicle, Radio and Security Equipment											1,779,500
1180	Department of Juvenile Justice	Incarceration Services	17,095,340	382,399	84,338		17,562,077	20,243,242	352,342	89,338	20,684,922	95.00	
		General Fund savings as activity will be funded by counties with juveniles under county detention						(2,737,500)		2,737,500			
1180	Department of Juvenile Justice	Incarceration Services						456,765			456,765	12.00	
1180	Department of Juvenile Justice	Construction of One New Dorm											2,300,000
1180	Department of Juvenile Justice	Major Deferred Maintenance											525,000
CRF	Department of Juvenile Justice	Information Technology Upgrades											2,646,000
1181	Department of Juvenile Justice	Alternative Residential Placement Services	14,631,158	400,570	9,850,080		24,881,808	22,457,822	370,513	2,583,031	25,411,366		
1182	Department of Juvenile Justice	Evaluation Services	10,759,849	382,399	3,507,695		14,649,943	10,759,849	352,342	3,507,695	14,619,886		
33	Governor's Office - SLED	Tactical Services	1,015,566		137,486		1,153,052	1,015,566		137,486	1,153,052		
35	Governor's Office - SLED	Forensic Laboratory - DNA/Serology	764,583	620,751	236,439	45,044	1,666,817	809,627	2,193,211	458,439	3,461,277		
1185	Department of Juvenile Justice	Educational Services	4,864,352	1,361,041	5,206,128		11,431,521	4,864,352	1,272,046	5,094,518	11,230,916		
		General Fund savings based upon local school district funding of students at DJJ						(4,527,900)		4,527,900			
1185	Department of Juvenile Justice	Compliance	1,823,884	1,750,492	9,117,664		12,692,040	1,823,884	1,712,221	10,198,409	13,734,514		
1407	Department of Motor Vehicles	Criminal Justice Information Services (CJIS)	5,247,600	3,054,148	2,765,342		11,067,090	5,247,600	1,865,397	1,990,342	9,103,339		
36	Governor's Office - SLED	Forensic Laboratory - Drug Analysis	441,106	358,126	117,350	45,044	961,626	486,150	358,126	117,350	961,626		
151	Prosecution Coordination Comm.	Office of Solicitor State Appropriations	7,543,854				7,543,854	7,543,854			7,543,854		
169	Adjutant General	Army Support - Telecommunications		1,700,000			1,700,000		1,750,000		1,750,000		
183	Adjutant General	EMD - Natural Hazards Preparedness	268,920	298,845			567,765	268,920	300,751		569,671		
1056	Department of Public Safety	Aggressive Criminal Enforcement			2,867,000		2,867,000			2,867,000	2,867,000		
1186	Department of Juvenile Justice	Other Community Services	10,770,045	285,127	2,741,672		13,796,844	11,379,869	305,303	2,741,672	14,426,844	19.00	
1253	Dept of Natural Resources	Enforce boating safety laws & investigate boating accidents		1,208,271			1,208,271		1,792,459		1,792,459		
1253	Dept of Natural Resources	Additional Wildlife Officers								1,500,000	1,500,000		
1177	Probation, Parole & Pardon Serv	Parole Board Support	718,021		173,906		891,927	718,021		401,105	1,119,126		
28	Governor's Office - SLED	Counter Terrorism	1,499,367	446,969	12,097		1,958,433	1,499,367	485,530	12,097	1,996,994		
31	Governor's Office - SLED	Arson/Bomb	1,393,847				1,393,847	1,393,847			1,393,847		
47	Governor's Office - SLED	Forensic Laboratory - Latent Prints/Crime Scene Processing	558,734	453,626	160,656	45,043	1,218,059	603,777	453,626	160,656	1,218,059		
69	Governor's Office - OEPP	Victim Compensation Claims Processing	163,244	3,993,800	10,524,666		14,681,710	163,244	4,682,788	9,151,322	13,997,354		
140	Attorney General	Capital Litigation Sub-Section & Post-Conviction Relief	1,070,407		102,511	123,803	1,296,721	1,070,407		102,511	1,172,918		
142	Attorney General	The State Grand Jury	468,694		53,480	54,209	576,383	468,694		53,480	522,174		
181	Adjutant General	EMD - Homeland Security	97,894	279,456			377,350	97,894	339,903		437,797		
184	Adjutant General	EMD - Natural Hazards Response	204,581	204,581	87,468		496,630	204,581	248,733	87,468	540,782		
186	Adjutant General	EMD - Fixed Nuclear Facility Operations	39,356	39,356	754,208		832,920	39,356	48,292	698,374	786,022		

## Improve the Safety of People and Property FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan					FY 04-05	
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	New FTEs	Capital Reserve Fund
190	Adjutant General	EMD - Operations Support	239,810	255,685	93,190		588,685	239,810	310,875	87,740	638,425		
1005	Department of Mental Health	Forensics	4,328,229		10,737,374	135,628	15,201,231	4,328,229		10,737,374	15,065,603		
1044	Department of Public Safety	Office of Highway Safety	345,534	9,170,718		30,546	9,546,798	345,534	6,685,670		7,031,204		
1044	Department of Public Safety	Consolidate the Office of Justice Prog & Office of Hwy Safety						(50,000)			(50,000)		
1049	Department of Public Safety	Uninsured Motor Vehicle Enforcement			2,576,683		2,576,683			2,576,683	2,576,683		
1070	Department of Public Safety	Training - Basic/Mandated Activity			1,406,812		1,406,812			1,558,304	1,558,304		
1083	Department of Public Safety	Governor's Mansion/Complex	480,449		15,006	57,176	552,631	480,449		15,006	495,455		
1165	Department of Corrections	Agriculture Operation	150,000		3,891,670		4,041,670	150,000		3,891,670	4,041,670		
1167	Department of Corrections	Education of Inmates	3,011,138	2,731,763	3,992,324		9,735,225	3,011,138	2,244,745	3,992,324	9,248,207		
1183	Department of Juvenile Justice	Detention Services	237,148	382,399	3,615,145		4,234,692	237,148	352,342	3,615,145	4,204,635		
1184	Department of Juvenile Justice	Medical Services	3,845,192	30,057	158,000		4,033,249	3,845,192		158,000	4,003,192		
1248	Dept of Natural Resources	Provide aviation services			658,000		658,000			658,000	658,000		
1398	Dept of Labor, Licensing & Regulation	Fire Training		158,176	4,823,476	45,000	5,026,652		158,176	4,823,476	4,981,652		
1401	Department of Motor Vehicles	Customer Service Centers	10,439,135		18,631,352		29,070,487	10,439,135		19,679,912	30,119,047		
1402	Department of Motor Vehicles	Customer Service Delivery / Alternative Media	387,229		151,649		538,878	387,229		3,958,053	4,345,282		
1404	Department of Motor Vehicles	Customer Service Delivery / Titles	446,315		1,467,573		1,913,888	446,315		1,467,573	1,913,888		
29	Governor's Office - SLED	Missing Persons	485,311				485,311				485,311		
39	Governor's Office - SLED	Vehicle Crimes	846,435				846,435				846,435		
45	Governor's Office - SLED	Forensic Laboratory - Firearms/Tool Marks	235,256	191,000	41,567	45,043	512,866	280,299	191,000	41,567	512,867		
49	Governor's Office - SLED	Forensic Laboratory - Toxicology	588,141	477,501	171,483	45,043	1,282,168	633,184	477,501	171,483	1,282,168		
50	Governor's Office - SLED	Forensic Laboratory - Trace Evidence/Arson Analysis	235,256	191,000	41,567	45,043	512,867	280,299	191,000	41,567	512,867		
137	Attorney General	Prosecution/Insurance Section	565,708		645,622	106,043	1,317,373	1,071,751		843,823	1,915,574		
147	Attorney General	Sexually Violent Predator Section	127,663		12,226	14,766	154,655	127,663		12,226	139,889		
157	Office of Appellate Defense	Post Conviction Relief Appeals	365,544				365,544	365,544			365,544		
165	Adjutant General	Armory Operations	1,349,153	300,000	920,200		2,569,353	1,349,153	700,000	920,200	2,969,353		
166	Adjutant General	Army Support - Operations and Maintenance	134,147	6,318,000	50,000		6,502,147	134,147	6,330,867		6,465,014		
175	Adjutant General	Air Support - Operations and Maintenance	259,508	1,550,400	3,000		1,812,908	259,508	1,606,005	3,000	1,868,513		
177	Adjutant General	Air Support - Security		230,000			230,000				450,000		
187	Adjutant General	EMD - Natural Hazards Recovery	69,163	69,163			138,326	69,163	84,406		153,569		
963	Dept of Health & Environ. Control	Land & Waste Management - Radiological Waste Program	58,861	234,907	712,594		1,006,362	58,861	25,440	642,019	726,320		
1043	Department of Public Safety	Office of Justice Programs	318,858	21,389,443	825,000	27,954	22,561,255	268,858	21,389,443	825,000	22,483,301		
1055	Department of Public Safety	Communication and Intelligence	6,380,651		684,037		7,064,688	6,380,651		684,037	7,064,688		
1062	Department of Public Safety	Compliance Reviews	104,173	370,044		31,078	505,295	104,173	370,044		474,217		
1072	Department of Public Safety	Training -Advanced/Specialized Activity			1,048,158		1,048,158			1,048,158	1,048,158		
1073	Department of Public Safety	Training - Range Operations Activity			557,138		557,138			557,138	557,138		
1074	Department of Public Safety	Registrar Activity			538,208		538,208			538,208	538,208		
1081	Department of Public Safety	State House and Complex	821,979		19,256	104,998	946,233	964,165	69,496		1,033,661	3.00	
1156	Department of Corrections	Provide Inmate Health Care	56,373,979		3,055,000		59,428,979	56,373,979		3,055,000	59,428,979		
1157	Department of Corrections	Institutions Canteen Operations			17,000,000		17,000,000			17,000,000	17,000,000		
1163	Department of Corrections	Prison Industries "PIE" Prog			5,000,000		5,000,000			5,000,000	5,000,000		
1247	Department of Natural Resources	Enforce game, fish and related natural resource laws	5,548,009	1,135,653	6,131,253	990,786	13,805,701	6,538,795	799,260	9,346,496	16,684,551		
1406	Department of Motor Vehicles	Customer Service Delivery / Product Development	2,034,684		3,596,360	1,937,247	7,568,291	2,034,684		3,068,215	5,102,899		
150	Attorney General	Opinions Division	311,570		29,838	36,035	377,443	311,570		29,838	341,408		
198	Adjutant General	State's National Guard Pension Funds	1,996,581		30,000		2,026,581	1,996,581		30,000	2,026,581		
34	Governor's Office - SLED	Support Services	349,382				349,382	349,382			349,382		
44	Governor's Office - SLED	Forensic Laboratory - Evidence Control/Processing	323,477	262,626	74,045	45,043	705,191	368,521	262,626	74,045	705,192		
46	Governor's Office - SLED	Forensic Lab - Implied Consent (breath alcohol testing sys)	205,849	167,125	30,741	45,043	448,758	250,892	167,125	10,741	428,758		
48	Governor's Office - SLED	Forensic Laboratory - Questioned Documents/Photography	176,442	143,250	19,915	45,043	384,650	221,485	143,250	19,915	384,650		
148	Attorney General	Securities Fraud Section			1,732,700		1,732,700			1,732,700	1,732,700		
155	Prosecution Coordination Comm.	DUI Prosecution Unit					149,676			149,676	149,676		
156	Office of Appellate Defense	Direct Appeals	365,545				365,545	365,545			365,545		
185	Adjutant General	EMD - Hazardous Materials	29,163	95,601			124,764	29,163	91,101		120,264		
188	Adjutant General	EMD - Natural Hazards Mitigation	65,211	76,760			141,971	65,211	221,668		286,879		
1052	Department of Public Safety	Executive Protection	209,040		13,693		222,733	209,040		13,693	222,733		
1063	Department of Public Safety	Drug Interdiction	206,904	27,725	70,000	3,185	307,814	210,089	27,725	70,000	307,814		
1068	Department of Public Safety	Hazardous Material & Radioactive Shipment Inspections	100,354	352,765		29,878	482,997	100,354	352,765		453,119		
1076	Department of Public Safety	Standards and Testing Activity			390,720		390,720			390,720	390,720		
1082	Department of Public Safety	Judicial Division	139,996		150,572	42,362	332,930	234,784		150,572	385,356	2.00	
1161	Department of Corrections	Work and Vocational	331,947		1,886,077		2,218,024	331,947		1,886,077	2,218,024		
1162	Department of Corrections	Prison Industries-Traditional			11,000,000		11,000,000			11,000,000	11,000,000		

## Improve the Safety of People and Property FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan					FY 04-05		
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	New FTEs	Capital Reserve Fund	
1164	Department of Corrections	Prison Industries-Service			3,000,000		3,000,000			3,000,000	3,000,000			
1168	Department of Corrections	Inmate Program Services	4,503,131	4,000,000	246,924		8,750,055	6,305,131	3,895,000	246,924	10,447,055	5.00		
1175	Probation, Parole & Pardon Serv	Residential Programs			1,836,787		1,836,787			2,612,739	2,612,739			
1187	Department of Juvenile Justice	Prevention and Diversion Services	708,598	30,057	505,400		1,244,055	708,598		505,400	1,213,998			
1405	Department of Motor Vehicles	Customer Service Delivery / Call Center	309,596		1,416,228		1,725,824	309,596		1,416,228	1,725,824			
38	Governor's Office - SLED	Narcotics/Alcohol Enforcement/Gaming (VICE)	2,672,162	30,778	1,792,444		4,495,384	2,672,162	30,778	3,052,444	5,755,384			
40	Governor's Office - SLED	Regulatory	1,174,996	21,772	880,000		2,076,768	1,174,996		906,000	2,080,996			
153	Prosecution Coordination Comm.	State Office of Pretrial Intervention	111,031				111,031	111,031			111,031			
154	Prosecution Coordination Comm.	Child Abuse Prosecution Unit:	84,124				84,124	84,124			84,124			
173	Adjutant General	Army Support - Distance Learning		150,000			150,000		189,000	3,429	192,429			
178	Adjutant General	Air Support - Firefighting		1,071,000			1,071,000		1,039,600		1,039,600			
182	Adjutant General	EMD - Public Information	73,105	84,653	62,714		220,472	73,105	103,050	38,914	215,069			
213	Budget & Control Board	Enhanced 911			328,658		328,658			328,658	328,658			
829	Educational Television Commission	Education Services to City, County & State Govt	1,013,256		689,204		1,702,460	1,013,256		664,204	1,677,460			
1053	Department of Public Safety	S.C. Supreme Court Complex Security	90,428		4,565		94,993	90,428		4,565	94,993			
1054	Department of Public Safety	Information Technology Section	927,766		66,260		994,026	927,766		66,260	994,026			
1057	Department of Public Safety	Multi-disciplinary Accident Investigation Team	1,265,735		98,466		1,364,201	1,265,735		98,466	1,364,201			
1066	Department of Public Safety	Training	36,232	48,343	54,122	10,777	149,474	47,009	48,343	54,122	149,474			
1069	Department of Public Safety	Fuel Tax and Registration Enforcement	18,003	199,450	639,465	5,971	862,889	23,974	199,450	639,465	862,889			
1071	Department of Public Safety	Training - Regional Activity			173,336		173,336			173,336	173,336			
1176	Probation, Parole & Pardon Serv	Statewide Emergency Operations Plan	187,446		323,782		511,228	187,446		249,744	437,190			
1178	Probation, Parole & Pardon Serv	Parole Board	272,373		35,184		307,557	272,373		35,184	307,557			
1190	Department of Juvenile Justice	Parole Board	709,045				709,045	709,045			709,045			
1190	Department of Juvenile Justice	DJJ & PPP- Parole Board Function - Combine Parole Boards						(425,000)			(425,000)			
1241	Dept of Natural Resources	Provide registration & titling of watercraft & outboard motors			1,873,491		1,873,491			2,873,491	2,873,491			
1403	Department of Motor Vehicles	Customer Service Delivery / Serv. Centers Hdqtrs Support	888,936		4,518,463		5,407,399	888,936		4,518,463	5,407,399			
1408	Department of Motor Vehicles	Driver Improvement and Medical Review	377,247		69,552		446,799	377,247		69,552	446,799			
1411	Department of Motor Vehicles	State Highway Fuel Tax Funding			847,518		847,518			847,518	847,518			
NEW	Dept of Motor Vehicles	Set-up Costs for Boat Titling & Registration Functions												450,000
32	Governor's Office - SLED	State Grand Jury/Insurance Fraud	625,407		200,000		825,407	625,407		211,000	836,407			
37	Governor's Office - SLED	Community Services	823,127		46,596		869,723	823,127		56,596	879,723			
71	Governor's Office - OEPP	State Office of Victims Assistance - Support to State Agencies	223,009		1,690,476		1,913,485	223,009		1,294,468	1,517,477			
146	Attorney General	Grievance Section	283,894		27,188	32,835	343,917	283,894		27,188	311,082			
168	Adjutant General	Army Support - Security		435,000			435,000		369,800		369,800			
192	Adjutant General	Americorps		297,476	30,879		328,355		297,476	30,879	328,355			
196	Adjutant General	Operations & Training	32,301				32,301	32,301			32,301			
1079	Department of Public Safety	Facilities Planning & Maintenance Activity			1,995,005		1,995,005			1,995,005	1,995,005			
1079	Department of Public Safety	Renovation of Main Academy Buildings												1,400,000
1080	Department of Public Safety	Weapons of Mass Destruction Activity			72,095		72,095		1,413,428	72,095	1,485,523			
1158	Department of Corrections	Vehicle Maintenance	2,623,296		260,000		2,883,296	2,623,296		260,000	2,883,296			
1159	Department of Corrections	Agency Training Academy	1,450,000				1,450,000	1,450,000			1,450,000			
1171	Department of Corrections	Federal Grant Allocation	65,000	7,124,702			7,189,702	65,000	7,009,209		7,074,209			
1250	Department of Natural Resources	Maintain a victim's assistance program		41,102			41,102		41,102		41,102			
1254	Dept of Natural Resources	Purchase law enforcement equipment			990,786		990,786			990,786	990,786			
1409	Department of Motor Vehicles	Administrative Hearings	253,901		123,130		377,031	253,901		123,130	377,031			
1409	Department of Motor Vehicles	Administrative Hearings						(253,901)		(123,130)	(377,031)			
1410	Department of Motor Vehicles	Dealer Licensing, Regulation, and Enforcement	652,208		61,278		713,486			61,278	61,278			
NEW	Administrative Law Judges	Administrative Hearings								123,130	123,130			
195	Adjutant General	Military Personnel Support	33,755				33,755	33,755			33,755			
197	Adjutant General	Burial Flags	3,254				3,254	3,254			3,254			
42	Governor's Office - SLED	Homeland Security Grants to Local and State Entities												
53	Governor's Office - OEPP	Constituent Referral/Clearinghouse		3,158	15,500		18,658		3,158	15,500	18,658			
172	Adjutant General	Army Support - Supplemental Transportation		8,000			8,000		8,000		8,000			
176	Adjutant General	Air Support - Environmental	13,233	49,634			62,867	13,233	40,007		53,240			
189	Adjutant General	EMD - Local Pass Through		1,500,000			1,500,000		1,828,448		1,828,448			
1050	Department of Public Safety	Special Operations	155,727		9,129		164,856	155,727		9,129	164,856			
1065	Department of Public Safety	Data Collection & Reporting	73,908	261,354	18,903	3,085	357,250	76,993	49,021	18,903	144,917			
1075	Department of Public Safety	Media/Library Activity			547,874		547,874			547,874	547,874			
1086	Department of Public Safety	General Operations			222,740		222,740			206,270	206,270			
1160	Department of Corrections	Recycling Operation	100,000		250,000		350,000	100,000		250,000	350,000			

## Improve the Safety of People and Property FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan					FY 04-05	
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	New FTEs	Capital Reserve Fund
1166	Department of Corrections	Partnership with Palmetto Pride	550,000		50,000		600,000	550,000		50,000	600,000		
1166	Department of Corrections	General Fund savings from Using Palmetto Pride to Fund Recycling & Trash Pick-up at Corrections						(650,000)		650,000			
1188	Department of Juvenile Justice	Volunteer Services	8,818	30,057	5,000		43,875	8,818		5,000	13,818		
1189	Department of Juvenile Justice	Victim Services	166,677	30,057	5,000		201,734	166,677		5,000	171,677		
1249	Dept of Natural Resources	Provide staff develop. & training to law enforcement officers.	150,000				150,000	150,000			150,000		
1419	Department of Revenue	Regulatory	771,161		172,720		943,881	771,161		172,720	943,881		
54	Governor's Office - OEPP	Liaison Services		9,475	46,500		55,975		9,475	46,500	55,975		
55	Governor's Office - OEPP	Formal Complaints		17,371	85,250		102,621		17,371	85,250	102,621		
70	Governor's Office - OEPP	Training to Victim Advocates		113,136	69,178		182,314		113,136	69,178	182,314		
138	Attorney General	Gun Violence Grant	20,000	80,000			100,000	20,000			100,000		
167	Adjutant General	Army Support - Environmental	15,815	1,591,900			1,607,715	15,815	1,614,100		1,629,915		
170	Adjutant General	Army Support - Sustainable Range Program		196,500			196,500		381,000		381,000		
171	Adjutant General	Army Support - Full-Time Dining Facility		650,000			650,000		450,000		450,000		
193	Adjutant General	Enterprise Operations			1,265,250		1,265,250			1,297,950	1,297,950		
1048	Department of Public Safety	Law Enforcement Network Coordinator	130,612		4,565		135,177	130,612		4,565	135,177		
1051	Department of Public Safety	Highway Patrol Pilot	100,981		4,565		105,546	100,981		4,565	105,546		
1077	Department of Public Safety	Food Service Activity			724,407		724,407			724,407	724,407		
1078	Department of Public Safety	Student Housing Activity			85,933		85,933			85,933	85,933		
1169	Department of Corrections	Penal Facilities Inspection	256,366				256,366	256,366			256,366		
1169	Department of Corrections	PF Inspections Reduce to One Inspections Annually						(125,000)			(125,000)		
1174	Probation, Parole & Pardon Serv	Victim Services			173,270		173,270			176,579	176,579		
56	Governor's Office - OEPP	Training		1,579	7,750		9,329		1,579	7,750	9,329		
1087	Department of Public Safety	Collections Management			21,794		21,794			21,794	21,794		
179	Adjutant General	Air Support - Natural Resources		80,300			80,300		70,050		70,050		
1045	Department of Public Safety	School Bus Transportation Safety	33,584		9,129		42,713	33,584		9,129	42,713		
1412	Department of Motor Vehicles	Highway Safety Statistical Data Entry			163,079		163,079			163,079	163,079		
1412	Department of Motor Vehicles	Hwy Safety Data Entry - Savings Service Provided by DPS/Corrections								(163,079)	(163,079)		
1412	Department of Public Safety	Transfer Hwy Safety Statistical Data Entry from DMV						(113,079)		163,079	50,000		
41	Governor's Office - SLED	Administration	2,947,453	7,701	23,966		2,979,120	2,447,453	270,926	23,966	2,742,345		
149	Attorney General	Administrative Division	1,480,181		142,660	171,197	1,794,038	1,651,378		142,660	1,794,038		
152	Prosecution Coordination Comm.	Administration	345,322		225,000	50,000	620,322	345,322		2,387,930	2,733,252		
158	Office of Appellate Defense	Administration	143,865		202,600		346,465	143,865		202,600	346,465		
199	Adjutant General	Administration	1,652,638		25,000		1,677,638	1,652,638	319,825	26,071	1,998,534		
1041	Department of Public Safety	Core Administration	5,975,903		3,147,731	437,593	9,561,227	6,413,496		4,244,854	10,658,350		
1041	Department of Public Safety	Rental Savings for DPS Associated With DMV's Move to Blythewood Facility That Will be Shared With DPS						(833,124)			(833,124)		
1041	Department of Public Safety	Consolidation of Dispatch Offices						(600,000)			(600,000)		
1041	Department of Public Safety	One-time Costs for the Consolidation of Dispatch Offices										200,000	
1170	Department of Corrections	Administration & Support	10,706,068	1,099,570	901,540		12,707,178	10,706,068	2,348,568	3,083,243	16,137,879		
1179	Probation, Parole & Pardon Serv	Core Administration	1,259,420		927,956		2,187,376	1,259,420		787,109	2,046,529		
1179	Probation, Parole & Pardon Serv	Admin savings from office consolidation						(1,114,633)			(1,114,633)		
1191	Department of Juvenile Justice	Administrative Services	3,431,353		5,000		3,436,353	3,431,353		5,723	3,437,076		
1400	Department of Motor Vehicles	Administration	1,509,099		1,556,899		3,065,998	1,509,099		3,738,602	5,247,701		
1400	Department of Motor Vehicles	General Fund savings realized from rent reduction by DMV move to DPS facility						(280,255)			(280,255)		
1400	Department of Motor Vehicles	Increase in Collections from Uninsured Motorists and Other Collections Will Allow Reduction in General Funds						(6,000,000)			(6,000,000)		
191	Adjutant General	State Guard	193,634				193,634						
194	Adjutant General	Funeral Caisson	99,000				99,000						
1046	Department of Public Safety	South Carolina Criminal Justice Liaison	116,530		4,564		121,094		4,564		4,564		
1047	Department of Public Safety	Emergency Traffic Management	330,783		18,258		349,041		349,041		349,041		
1064	Department of Public Safety	Public Education	179,010			52,562	231,572						
1084	Department of Public Safety	Contractual Services S. C. DHEC, Educ. Lottery, B&CB,	200,811		1,518,759		1,719,570		1,719,570		1,719,570		
1085	Department of Public Safety	Commission for the Blind, Dept. of Revenue	199,659		15,493		215,152		215,152		215,152		
		<b>Total</b>	<b>492,335,156</b>	<b>90,575,925</b>	<b>235,059,587</b>	<b>19,034,109</b>	<b>837,004,777</b>	<b>510,873,788</b>	<b>93,692,342</b>	<b>258,013,744</b>	<b>862,579,874</b>	<b>441.00</b>	<b>24,572,185</b>

**Strengthen Government's Ability to Achieve its Results Efficiently and Effectively  
FY 2005-06 Governor's Purchase Plan**

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				FY 04-05
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	Capital Reserve Fund
7	Legislative Audit Council	Performance Auditing	895,043			70,150	965,193	965,193			965,193	
NEW	Budget & Control Board	Fund for State Agency Costs Associated with Restructuring						2,000,000			2,000,000	
NEW	DHEC	Complete Repayment of Pinewood Trust Fund from FY 04-05 Surplus								942,290	942,290	
1413	Department of Revenue	Collections	5,783,707		1,295,400		7,079,107	5,783,707		1,323,354	7,107,061	
1413	Department of Revenue	General Fund Savings from Increased Collections from Penalties						(400,000)			(400,000)	
1414	Department of Revenue	Compliance	10,410,672		2,331,720		12,742,392	10,410,672		4,731,720	15,142,392	
1414	Department of Revenue	Funds Were for One-Time Technology Expenses Associated with Enforced Collections						(1,250,000)			(1,250,000)	
NEW	Legislative Audit Council	Sunset Commission						585,570			585,570	
1415	Department of Revenue	Processing	4,241,385		949,960		5,191,345	4,241,385		949,960	5,191,345	
1420	Department of Revenue	Technology Services	6,940,448		1,554,480		8,494,928	6,940,448		1,554,480	8,494,928	
1420	Department of Revenue	Funds Were for One-Time Technology Expenses Associated with Enforced Collections						(1,750,000)			(1,750,000)	
121	Comptroller General	Central State Audit - Payroll	641,723		32,022	26,423	700,168	671,446		32,022	703,468	
122	Comptroller General	Central State Audit - Accounts Payable	615,205		32,022	26,423	673,650	643,700		106,500	750,200	
1417	Department of Revenue	Legal	1,542,321		345,440		1,887,761	1,542,321		645,440	2,187,761	
125	Comptroller General	Financial Reporting	547,953		149,920	123,706	821,579	571,988		159,752	731,740	
130	State Treasurer	Accounting and Banking	866,675		236,580		1,103,255	1,015,765		236,580	1,252,345	
131	State Treasurer	Investments	133,113		694,825		827,938	133,113		694,825	827,938	
132	State Treasurer	Debt Management	548,053		75,000	246,288	869,341	548,053		75,000	623,053	
1416	Department of Revenue	Taxpayer Assistance	3,470,224		777,240		4,247,464	3,470,224		777,240	4,247,464	
80	Lieutenant Governor	Executive Operations of the Lieutenant Governor's Office	166,513			6,591	173,104	166,513			166,513	
123	Comptroller General	Central State Accounting-Statewide Accounting	284,476		76,218	62,890	423,584	316,490		85,561	402,051	
145	Attorney General	Government Litigation Section	571,360		243,717	66,084	881,161	571,360		243,717	815,077	
207	Election Commission	2004 General Election				2,400,000	2,400,000					
211	Budget & Control Board	Bd of Econ Advisors & Economic Research	949,767				949,767	949,767			949,767	
271	B&C Board - Auditor	Audit the State's Basic Financial Statements	106,975		240,000		346,975	106,975		240,000	346,975	
204	Election Commission	Special Primaries			1,450,000		1,450,000			1,450,000	1,450,000	
254	Budget & Control Board	Equity Investment Operations			1,332,571		1,332,571			1,332,571	1,332,571	
128	Comptroller General	Data Processing - Info.Technology Support	701,333		29,344	24,213	754,890	744,063		92,949	837,012	
201	Election Commission	Voter Services	387,581		110,000	23,660	521,241	387,581		110,000	497,581	
203	Election Commission	Help America Vote Act (HAVA)	700,000			700,000	1,400,000					
203	Election Commission	HAVA match						1,059,727	7,194,535		8,254,262	
208	Budget & Control Board	Statewide Budget Devel. Analysis & Implement.	2,172,237				2,172,237	2,172,237			2,172,237	
223	Budget & Control Board	Facilities Management	2,408,655		23,503,395		25,912,050	2,408,655		25,292,446	27,701,101	
223	Budget & Control Board	Custodial service from 5 days a week to 3						(1,000,000)			(1,000,000)	
255	Budget & Control Board	Retirement Systems Financial Services			4,273,220		4,273,220			4,524,685	4,524,685	
1423	State Ethics Commission	Campaign Finance	30,818		20,000		50,818	30,818		20,000	50,818	
124	Comptroller General	Central State Accounting-Records Management	66,729		20,921	17,262	104,912	74,239		20,921	95,160	
233	Budget & Control Board	Audit and Certification	282,818		25,500		308,318	282,818		52,000	334,818	
235	Budget & Control Board	Property & Liability Self-Insurance			5,603,877		5,603,877			5,494,626	5,494,626	
235	Budget & Control Board	Insurance Reserve Fund Repayment										6,552,030
235	Budget & Control Board	Insurance Reserve Fund - Payment from FY 04-05 Surplus								2,113,041	2,113,041	
247	Budget & Control Board	Network Services- Other			6,652,503		6,652,503			8,554,424	8,554,424	
253	Budget & Control Board	Enterprise Projects	784,000			2,661,363	3,445,363	2,610,000			2,610,000	5,500,000
257	Budget & Control Board	Retirement Systems Information Technology			4,563,842		4,563,842			4,727,299	4,727,299	
259	Budget & Control Board	Legal Services			1,084,307		1,084,307			1,084,307	1,084,307	
272	B&C Board - Auditor	Single Audit	546,346				546,346	546,346			546,346	

## Strengthen Government's Ability to Achieve its Results Efficiently and Effectively FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding				FY 2005-06 Governor's Purchase Plan				FY 04-05	
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	Capital Reserve Fund
1326	State Accident Fund	Workers' Compensation Insurance Services			5,426,339			5,426,339		5,479,268	5,479,268	
1418	Department of Revenue	Property	1,542,321		345,440			1,887,761	1,542,321	345,440	1,887,761	
1422	State Ethics Commission	Lobbying Activities	23,200		20,000			43,200	23,200	20,000	43,200	
1424	State Ethics Commission	Financial Disclosure	30,818		20,000			50,818	30,818	20,000	50,818	
1425	State Ethics Commission	Enforcement	113,445		20,000			133,445	113,445	20,000	133,445	
NEW	Inspector General's Office	Establish Inspector's Office							400,000		400,000	
129	Comptroller General	Data Proc-Central Enterprise Support for SCEIS	234,001		8,437	6,964		249,402	234,001	8,437	242,438	
212	Budget & Control Board	Redistricting & Precinct Demographics	227,570		119,422			346,992	227,570	119,422	346,992	
252	Budget & Control Board	IT Planning & Project Management			1,619,374			1,619,374		1,461,149	1,461,149	
252	Budget & Control Board	IT Study for Statewide Server Consolidation										400,000
256	Budget & Control Board	Retirement Systems Customer Services			5,090,006			5,090,006		5,424,015	5,424,015	
274	B&C Board - Auditor	State Agency Audits	634,520			225,018		859,538	634,520		634,520	
77	Governor's Office - OEPP	Dues & Membership Fees	195,080			50,000		245,080	195,080		245,080	
127	Comptroller General	Local Government			60,746	50,125		110,871		60,746	60,746	
230	Budget & Control Board	Intra Agency Mail			1,026,811			1,026,811		1,036,806	1,036,806	
232	Budget & Control Board	Procurement	1,472,677		437,200			1,909,877	1,472,677	397,302	1,869,979	
246	Budget & Control Board	Network Serv-Long Dist, Internet & Network			10,822,915			10,822,915		11,098,169	11,098,169	
246	Budget & Control Board	CIO - Implement E-leave System Statewide							87,000		87,000	
1305	Department of Commerce	Aeronautics - Flight Operations	509,841		213,826			723,667	509,841		509,841	
202	Election Commission	Public Information - Training	117,878		35,000			152,878	117,878	35,000	152,878	
220	Budget & Control Board	Grievance and Mediation Services	464,882					464,882	464,882		464,882	
248	Budget & Control Board	Data Processing Services			17,817,534			17,817,534		16,292,759	16,292,759	
250	Budget & Control Board	Data Proc -Desktop & Mid Range Server Support			1,526,361			1,526,361		1,756,914	1,756,914	
251	Budget & Control Board	Information Technology Procurement (ITMO)			796,333			796,333		881,135	881,135	
258	Budget & Control Board	Retirement Systems Service/Imaging			1,597,078			1,597,078		1,718,103	1,718,103	
267	Budget & Control Board	Comptroller General Data Proc Support	643,665					643,665	643,665		643,665	
267	Budget & Control Board	State Treasurer Data Proc Support	429,110					429,110	429,110		429,110	
275	B&C Board - Auditor	Court Audits								250,000	250,000	
226	Budget & Control Board	Surplus Property			1,472,941			1,472,941		1,530,560	1,530,560	
228	Budget & Control Board	Appraisal			500,466			500,466		502,107	502,107	
244	Budget & Control Board	Radioactive Waste Disposal Program			468,256			468,256		521,452	521,452	
245	Budget & Control Board	Network Services-Local Services			10,496,821			10,496,821		10,390,296	10,390,296	
249	Budget & Control Board	Data Proc Services - Applications Development			2,550,191			2,550,191		2,339,831	2,339,831	
227	Budget & Control Board	Leasing			591,153			591,153		591,329	591,329	
229	Budget & Control Board	Parking Services	113,045		348,019			461,064	113,045	370,232	483,277	
81	Lieutenant Governor	Constituent Service & Recognition Programs	41,408			6,591		47,999	41,408		41,408	
206	Election Commission	Distribution to Subdivisions	65,997			95,215		161,212	65,997		65,997	
224	Budget & Control Board	State Fleet Management			13,686,405			13,686,405		14,198,437	14,198,437	
231	Budget & Control Board	Central Supply			655,444			655,444		603,888	603,888	
133	State Treasurer	Unclaimed Property Program	288,680		1,293,985			1,582,665	288,680	1,293,985	1,582,665	
133	State Treasurer	Unclaimed Property Program -Increased Other Funds reduces reliance on General Funds							(288,680)	288,680		
205	Election Commission	Distribution to Subdivisions	449,017					449,017	449,017		449,017	
219	Budget & Control Board	Human Resource Consulting Services	1,564,206					1,564,206	1,564,206		1,564,206	
225	Budget & Control Board	Print Shop			773,863			773,863		785,131	785,131	
262	Budget & Control Board	Internal Audit and Performance Review	122,279		312,391			434,670	122,279	312,391	434,670	
242	Budget & Control Board	New Ellenton Debt Service	420,000					420,000	420,000		420,000	
242	Budget & Control Board	New Ellenton Debt Service - Bond will be paid so there is no annual expense							(420,000)		(420,000)	
242	Budget & Control Board	Pay New Ellenton Debt										3,916,811
266	Budget & Control Board	Veterans Memorial	250,000					250,000	250,000		250,000	

**Strengthen Government's Ability to Achieve its Results Efficiently and Effectively  
FY 2005-06 Governor's Purchase Plan**

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				FY 04-05
			General Funds	Federal Funds		Maybank Funding	Total Funds	General Funds	Federal Funds		Total Funds	Capital Reserve Fund
				Funds	Other Funds				Funds	Other Funds		
266	Budget & Control Board	Veterans Memorial Funded in the FY 04-05 budget								(250,000)		
269	Budget & Control Board	Human Resources (HR) Support	136,174				136,174	136,174				136,174
----	Statewide	Savings from More Efficient Technology Services						(5,926,323)				(5,926,323)
----	Statewide	Savings from Modernization of Human Resource Systems						(3,139,661)				(3,139,661)
----	Statewide	Savings from Reduced Cost for E-mail and Internet Services						(384,192)				(384,192)
----	Budget & Control Board	Better Utilization of State-owned and Leased Real Estate						(824,400)				(824,400)
----	Commerce	Better Utilization of State-owned and Leased Real Estate						(70,000)				(70,000)
----	DJJ	Better Utilization of State-owned and Leased Real Estate						(100,000)				(100,000)
----	Tuition Grants	Better Utilization of State-owned and Leased Real Estate						(38,848)				(38,848)
----	School for the Deaf & Blind	Better Utilization of State-owned and Leased Real Estate						(57,964)				(57,964)
----	DHEC	Better Utilization of State-owned and Leased Real Estate						(22,250)				(22,250)
----	Mental Health	Better Utilization of State-owned and Leased Real Estate						(277,635)				(277,635)
27	Governor's Office - ECS	Administration	1,180,992				92,257	1,273,249	1,273,249			1,273,249
78	Governor's Office - OEPP	Administration	1,782,127				178,161	1,960,288	1,960,288			1,960,288
79	Governor's Office - Mansion	Administration	369,784				29,602	399,386	399,386			399,386
126	Comptroller General	Administration	813,471		76,370		63,016	952,857	858,336		124,370	982,706
136	State Treasurer	Administration	475,407					475,407	475,407			475,407
200	Election Commission	Administration	502,288		288,326			790,614	502,288		295,700	797,988
----	Election Commission	2006 Statewide Primaries and Runoffs							2,400,000			2,400,000
270	Budget & Control Board	Administration	1,992,629		2,750,648			4,743,277	1,992,629		2,682,264	4,674,893
276	B&C Board - Auditor	Administration (Overhead Costs)	331,927					331,927	331,927			331,927
1325	State Accident Fund	Administration			1,202,539			1,202,539			1,210,658	1,210,658
1421	Department of Revenue	Administrative Support	3,855,805		863,600			4,719,405	3,855,805		896,646	4,752,451
1426	State Ethics Commission	Electronic Filing System										300,000
1426	State Ethics Commission	Administration	154,704		20,000		26,804	201,508	172,704		20,000	192,704
215	Budget & Control Board	Training and Development Services	608,101		364,545			972,646			368,267	368,267
216	Budget & Control Board	Temporary Employment Services	47,561		1,837,555			1,885,116			2,128,418	2,128,418
217	Budget & Control Board	Recruitment Services	166,688					166,688				
218	Budget & Control Board	Workforce Planning	73,851					73,851				
234	Budget & Control Board	State Engineer	458,956		71,000			529,956			71,000	71,000
260	Budget & Control Board	Executive Education Training	382,907		162,750			545,657			86,500	86,500
261	Budget & Control Board	Training Facility Mgmt and Meeting Planning			35,000			35,000			25,231	25,231
264	Budget & Control Board	Civil Contingent Fund	161,902					161,902				
1435	Procurement Review Panel	Administration	22,468					22,468				
1436	Procurement Review Panel	Hearings	85,957		3,000			88,957				
		<b>Total</b>	<b>70,353,469</b>	<b>-</b>	<b>145,532,114</b>	<b>7,278,806</b>	<b>223,164,389</b>	<b>60,600,054</b>	<b>7,194,535</b>	<b>155,729,748</b>	<b>223,524,337</b>	<b>16,668,841</b>

## Statewide Items FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	Activity Name	FY 2004-05 Agency Funding					FY 2005-06 Governor's Purchase Plan				FY 04-05 Capital Reserve Fund
			General Funds	Federal Funds	Other Funds	Maybank Funding	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	
			1	The Senate	Legislative Policy Setting	8,667,607			637,110	9,304,717	9,304,717	
2	House of Representatives	Legislative Policy Setting	10,466,563			767,737	11,234,300	11,234,300			11,234,300	
3	Codification of Laws & Legis. Council	Legislative Bill Drafting	2,178,379			90,140	2,268,519	2,268,519			2,268,519	
4	Codification of Laws & Legis. Council	Law Codification Responsibilities	41,439		100,000	90,141	231,580	131,580		250,000	381,580	
5	Codification of Laws & Legis. Council	Admin. Proc Act Respon. & publication of St. Register	96,827				96,827	96,827			96,827	
6	Legislative Printing	Legislative Services	3,055,379			222,477	3,277,856	3,055,379			3,055,379	
14	Judicial Department	Supreme Court	3,062,600		1,908,702		4,971,302	3,062,600		1,908,702	4,971,302	
15	Judicial Department	Bar Examiners	35,000		150,000		185,000	35,000		150,000	185,000	
16	Judicial Department	Disciplinary Counsel	412,367		522,025		934,392	412,367		522,025	934,392	
17	Judicial Department	Appeals Court	3,373,605		1,939,687		5,313,292	3,373,605		1,939,687	5,313,292	
18	Judicial Department	Circuit Court	11,830,608		5,154,653		16,985,261	11,830,608		5,154,653	16,985,261	
19	Judicial Department	Family Court	10,257,147		3,846,889		14,104,036	10,257,147		3,846,889	14,104,036	
20	Judicial Department	Court Administration	1,050,220		446,836		1,497,056	1,050,220		446,836	1,497,056	
21	Judicial Department	Administration (Finance & Personnel)	688,506		105,545		794,051	688,506		105,545	794,051	
22	Judicial Department	Information Technology	1,066,914	4,395,672	614,013		6,076,599	1,066,914	5,655,863	614,013	7,336,790	
23	Judicial Department	Judicial Commitment	1,000				1,000	1,000			1,000	
24	Judicial Department	Interpreters	5,000				5,000	5,000			5,000	
25	Administrative Law Judges	Due Process Hearings	1,306,418		36,250		1,342,668	1,306,418			1,306,418	
26	Administrative Law Judges	Administration Overhead	95,195				95,195	95,195			95,195	
144	Attorney General's Office	The Criminal Appeals Section	512,438		49,575	59,269	621,282	571,707		49,575	621,282	
159	Commission on Indigent Defense	Administration	301,204				301,204	301,204			301,204	
160	Commission on Indigent Defense	Legal Aid Funding	7,542		1,700,000		1,707,542	7,542		1,700,000	1,707,542	
161	Commission on Indigent Defense	Death Penalty Fund	39,099		2,750,000		2,789,099	39,099		2,750,000	2,789,099	
162	Commission on Indigent Defense	Conflict Fund	20,705		1,100,000		1,120,705	20,705		1,100,000	1,120,705	
163	Commission on Indigent Defense	Civil Appointment Fund	18,200		750,000		768,200	18,200		750,000	768,200	
164	Commission on Indigent Defense	Defense of Indigents Per Capita	3,188,651		2,023,052		5,211,703	3,188,651		2,023,052	5,211,703	
277	Budget & Control Bd - Empl Benefits	Employee Benefits	70,126,852		1,557,159		71,684,011	70,126,852		166,323	70,293,175	
277	Budget & Control Bd - Empl Benefits	FY 05-06 Excess in Base						(3,300,000)			(3,300,000)	
278	B&C Bd-Capital & General Reserve	Reserve Funds	149,356,026				149,356,026	99,356,026			99,356,026	
1323	Workers' Compensation Commission	Administration	732,946		391,955	307,278	1,432,179	732,946		391,955	1,124,901	
1324	Workers' Compensation Commission	Adjudication	1,905,203		1,508,045		3,413,248	1,905,203		1,508,045	3,413,248	
1451	Department of Transportation	Mass Transit	100,990				100,990				100,990	
1459	Debt Service	Debt Service	227,973,608				227,973,608	239,973,608			239,973,608	
1459	Debt Service	Recurring Savings from Early Repayment of Debt						(7,647,000)			(7,647,000)	
1459	Debt Service	Repayment of Various Real Estate & General Obligation Bonds										45,300,000
----	Adjutant General	Recurring Savings from Repayment of Revenue Bonds						(466,000)			(466,000)	
----	Budget & Control Bd	Recurring Savings from Repayment of Revenue Bonds						(139,727)			(139,727)	
----	Arts Commission	Recurring Savings from Repayment of Revenue Bonds						(186,000)			(186,000)	
----	Museum	Recurring Savings from Repayment of Revenue Bonds						(1,726,213)			(1,726,213)	
----	Health & Environmental Control	Recurring Savings from Repayment of Revenue Bonds						(594,000)			(594,000)	
----	Department of Social Services	Recurring Savings from Repayment of Revenue Bonds						(596,000)			(596,000)	
----	Department of Revenue	Recurring Savings from Repayment of Revenue Bonds						(1,045,060)			(1,045,060)	
1460	Aid to Subdivisions - Compt. General	Pay Supplements	2,424,395			149,111	2,573,506	2,424,395			2,424,395	
1461	Aid to Subdivisions - Treasurer	Aid to Subdivisions	228,940,578			458,105	229,398,683	228,940,578			228,940,578	
59	Aid to Subdivisions - State Treasurer	Veterans Affairs	318,635				318,635	318,635			318,635	
1470	Ports Authority	Harbor Dredging	2,400,000	7,200,000			9,600,000	2,400,000	7,200,000		9,600,000	
	<b>Total - Statewide Items</b>		<b>746,057,846</b>	<b>11,595,672</b>	<b>26,654,386</b>	<b>2,781,368</b>	<b>787,089,272</b>	<b>693,901,253</b>	<b>12,855,863</b>	<b>25,377,300</b>	<b>732,134,416</b>	<b>45,300,000</b>

**Executive Budget Purchase Plan  
by Agency**

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery		Total Funds
<b>The Senate</b>															
1	Legislative Policy Setting	8,667,607			637,110			9,304,717	9,304,717					9,304,717	
	FY 04-05 Health Insurance & Pay Plan Allocation	201,999						201,999	201,999					201,999	
	<b>Total</b>	<b>8,869,606</b>			<b>637,110</b>			<b>9,506,716</b>	<b>9,506,716</b>					<b>9,506,716</b>	
<b>House of Representatives</b>															
2	Legislative Policy Setting	10,466,563			767,737			11,234,300	11,234,300					11,234,300	
	FY 04-05 Health Insurance & Pay Plan Allocation	171,879						171,879	171,879					171,879	
	<b>Total</b>	<b>10,638,442</b>			<b>767,737</b>			<b>11,406,179</b>	<b>11,406,179</b>					<b>11,406,179</b>	
<b>Codification of Laws &amp; Legis. Council</b>															
3	Legislative Bill Drafting	2,178,379			90,140			2,268,519	2,268,519					2,268,519	
4	Law Codification Responsibilities	41,439		100,000	90,141			231,580	131,580		250,000			381,580	
5	Admin. Proc Act Respon. & publication of St. Register	96,827						96,827	96,827					96,827	
	FY 04-05 Health Insurance & Pay Plan Allocation	65,184						65,184	65,184					65,184	
	<b>Total</b>	<b>2,381,829</b>		<b>100,000</b>	<b>180,281</b>			<b>2,662,110</b>	<b>2,562,110</b>		<b>250,000</b>			<b>2,812,110</b>	
<b>Legislative Printing</b>															
6	Legislative Services	3,055,379			222,477			3,277,856	3,055,379					3,055,379	
	FY 04-05 Health Insurance & Pay Plan Allocation	59,443						59,443	59,443					59,443	
	<b>Total</b>	<b>3,114,822</b>			<b>222,477</b>			<b>3,337,299</b>	<b>3,114,822</b>					<b>3,114,822</b>	
<b>Legislative Audit Council</b>															
7	Performance Auditing	895,043			70,150			965,193	965,193					965,193	
NEW	Sunset Commission								585,570					585,570	
	FY 04-05 Health Insurance & Pay Plan Allocation	26,438						26,438	26,438					26,438	
	<b>Total</b>	<b>921,481</b>			<b>70,150</b>			<b>991,631</b>	<b>1,577,201</b>					<b>1,577,201</b>	
<b>Education Oversight Committee</b>															
10	Evaluation of the functioning of public education			275,075				275,075			275,075			275,075	
	Implement & oversight of the educational accountability system			625,104				625,104			625,104			625,104	
12	Public Awareness			450,000				450,000			200,000			200,000	
13	Proviso-directed actions			100,000				100,000			100,000			100,000	
11	Family Involvement			45,318				45,318			45,318			45,318	
8	Agency Administration: overhead			214,359				214,359			214,359			214,359	
	<b>Total</b>			<b>1,709,856</b>				<b>1,709,856</b>			<b>1,459,856</b>			<b>1,459,856</b>	
<b>Judicial Department</b>															
14	Supreme Court	3,062,600		1,908,702				4,971,302	3,062,600		1,908,702			4,971,302	
15	Bar Examiners	35,000		150,000				185,000	35,000		150,000			185,000	
16	Disciplinary Counsel	412,367		522,025				934,392	412,367		522,025			934,392	
17	Appeals Court	3,373,605		1,939,687				5,313,292	3,373,605		1,939,687			5,313,292	
18	Circuit Court	11,830,608		5,154,653				16,985,261	11,830,608		5,154,653			16,985,261	
19	Family Court	10,257,147		3,846,889				14,104,036	10,257,147		3,846,889			14,104,036	
20	Court Administration	1,050,220		446,836				1,497,056	1,050,220		446,836			1,497,056	
22	Information Technology	1,066,914	4,395,672	614,013				6,076,599	1,066,914	5,655,863	614,013			7,336,790	
23	Judicial Commitment	1,000						1,000	1,000					1,000	
21	Administration (Finance & Personnel)	688,506		105,545				794,051	688,506		105,545			794,051	
	FY 04-05 Health Insurance & Pay Plan Allocation	898,772						898,772	898,772					898,772	
24	Interpreters	5,000						5,000	5,000					5,000	
	<b>Total</b>	<b>32,681,739</b>	<b>4,395,672</b>	<b>14,688,350</b>				<b>51,765,761</b>	<b>32,681,739</b>	<b>5,655,863</b>	<b>14,688,350</b>			<b>53,025,952</b>	
<b>Administrative Law Judges</b>															
NEW	Administrative Hearings										123,130			123,130	
25	Due Process Hearings	1,306,418		36,250				1,342,668	1,306,418					1,306,418	
	Savings from More Efficient Technology Services								(3,705)					(3,705)	
	Savings from Modernization of Human Resource Systems								(1,108)					(1,108)	
26	Administration Overhead	95,195						95,195	95,195					95,195	
	FY 04-05 Health Insurance & Pay Plan Allocation	39,258						39,258	39,258					39,258	
	<b>Total</b>	<b>1,440,871</b>		<b>36,250</b>				<b>1,477,121</b>	<b>1,436,058</b>		<b>123,130</b>			<b>1,559,188</b>	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
<b>Governor's Office - ECS</b>															
27	Administration	1,180,992			92,257			1,273,249	1,273,249					1,273,249	
	Savings from More Efficient Technology Services								(1,895)					(1,895)	
	Savings from Reduced Cost for E-mail and Internet Services								(22,272)					(22,272)	
	FY 04-05 Health Insurance & Pay Plan Allocation	31,846						31,846	31,846					31,846	
	<b>Total</b>	<b>1,212,838</b>			<b>92,257</b>			<b>1,305,095</b>	<b>1,280,928</b>					<b>1,280,928</b>	
<b>Governor's Office - SLED</b>															
30	Investigative Services	4,724,956	2,604,626	1,165,454	1,550,000			10,045,036	6,274,956	4,445,323	2,021,454			12,741,733	
CRF	Vehicles, Radio and Security Equipment														2,000,000
33	Tactical Services	1,015,566		137,486				1,153,052	1,015,566		137,486			1,153,052	
35	Forensic Laboratory - DNA/Serology	764,583	620,751	236,439	45,044			1,666,817	809,627	2,193,211	458,439			3,461,277	
36	Criminal Justice Information Services (CJIS)	5,247,600	3,054,148	2,765,342				11,067,090	5,247,600	1,865,397	1,990,342			9,103,339	
43	Forensic Laboratory - Drug Analysis	441,106	358,126	117,350	45,044			961,626	486,150	358,126	117,350			961,626	
28	Counter Terrorism	1,499,367	446,969	12,097				1,958,433	1,499,367	485,530	12,097			1,996,994	
31	Arson/Bomb	1,393,847						1,393,847	1,393,847					1,393,847	
47	Forensic Laboratory - Latent Prints/Crime Scene Processing	558,734	453,626	160,656	45,043			1,218,059	603,777	453,626	160,656			1,218,059	
29	Missing Persons	485,311						485,311	485,311					485,311	
39	Vehicle Crimes	846,435						846,435	846,435					846,435	
45	Forensic Laboratory - Firearms/Tool Marks	235,256	191,000	41,567	45,043			512,867	280,299	191,000	41,567			512,867	
49	Forensic Laboratory - Toxicology	588,141	477,501	171,483	45,043			1,282,168	633,184	477,501	171,483			1,282,168	
	Forensic Laboratory - Trace Evidence/Arson Analysis	235,256	191,000	41,567	45,043			512,867	280,299	191,000	41,567			512,867	
34	Support Services	349,382						349,382	349,382					349,382	
44	Forensic Laboratory - Evidence Control/Processing	323,477	262,626	74,045	45,043			705,191	368,521	262,626	74,045			705,192	
	Forensic Lab - Implied Consent (breath alcohol testing sys)	205,849	167,125	30,741	45,043			448,758	250,892	167,125	10,741			428,758	
	Forensic Laboratory - Questioned Documents/Photography	176,442	143,250	19,915	45,043			384,650	221,485	143,250	19,915			384,650	
38	Narcotics/Alcohol Enforcement/Gaming (VICE)	2,672,162	30,778	1,792,444				4,495,384	2,672,162	30,778	3,052,444			5,755,384	
40	Regulatory	1,174,996	21,772	880,000				2,076,768	1,174,996		906,000			2,080,996	
32	State Grand Jury/Insurance Fraud	625,407		200,000				825,407	625,407		211,000			836,407	
37	Community Services	823,127		46,596				869,723	823,127		56,596			879,723	
42	Homeland Security Grants to Local and State Entities														
41	Administration	2,947,453	7,701	23,966				2,979,120	2,447,453	270,926	23,966			2,742,345	
	FY 04-05 Health Insurance & Pay Plan Allocation	687,018						687,018	687,018					687,018	
	Savings from Modernization of Human Resource Systems								(20,423)					(20,423)	
	Savings from More Efficient Technology Services								(79,840)					(79,840)	
	<b>Total</b>	<b>28,021,471</b>	<b>9,031,000</b>	<b>7,917,148</b>	<b>1,955,389</b>			<b>46,925,008</b>	<b>29,376,598</b>	<b>11,535,420</b>	<b>9,507,149</b>			<b>50,419,167</b>	<b>2,000,000</b>
<b>Governor's Office - OEPP</b>															
69	Victim Compensation Claims Processing	163,244	3,993,800	10,524,666				14,681,710	163,244	4,682,788	9,151,322			13,997,354	
73	Attorney Compensation	100,296		177,374				277,670	100,296		203,980			304,276	
	Grants Administration Housing Grants to Assist Homeless	7,000	1,568,957					1,575,957	7,000	1,568,957				1,575,957	
61	Advocacy		178,684					178,684		178,684				178,684	
75	Grants Administration (Formula)	7,000	30,046,734	520,000				30,573,734	7,000	28,199,648	520,000			28,726,648	
58	Veterans Disability & Claims Program	704,728			50,000			754,728	704,728					704,728	
	Recruit, Train, and Supervise Volunteer Lay Guardian Ad Litem	175,024		2,991,277				3,166,301	175,024		2,353,307			2,528,331	
74	Commission on Women	100,000						100,000						100,000	
	Savings from Partnership with Columbia College								(75,000)					(75,000)	
	State Office of Victims Assistance - Support to State Agencies	223,009		1,690,476				1,913,485	223,009		1,294,468			1,517,477	
77	Dues & Membership Fees	195,080			50,000			245,080	245,080					245,080	
51	Developmental Disabilities Grant Making	60,534	1,968,462					2,028,996	60,534	1,987,462				2,047,996	
53	Constituent Referral/Clearinghouse		3,158	15,500				18,658		3,158	15,500			18,658	
62	Conduct statewide reviews of children in foster care	202,854		432,234	20,000			655,088	202,854		432,234			635,088	
64	Medicaid Review Program	162,683		345,787	20,000			528,470	162,683		345,787			508,470	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund		
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery		Total Funds	
65	Funding for Protection & Advocacy for Persons With Disabilities	297,938						297,938	297,938						297,938	
60	Intensive Case Management	3,682,644		4,995,567				8,678,211	3,682,644		5,113,684				8,796,328	
54	Liaison Services		9,475	46,500				55,975		9,475	46,500				55,975	
55	Formal Complaints		17,371	85,250				102,621		17,371	85,250				102,621	
70	Training to Victim Advocates		113,136	69,178				182,314		113,136	69,178				182,314	
56	Training		1,579	7,750				9,329		1,579	7,750				9,329	
57	Certification	117,956			12,000			129,956	117,956						117,956	
66	Constituent Services/Ombudsman	179,101			75,000			254,101	179,101	1,584	6,645				187,330	
67	Constituent Services/Children's Affairs	137,394						137,394	137,394						137,394	
68	Constituent Services/CCRS	97,541						97,541	97,541						97,541	
63	Training for staff and Review Board volunteers.	40,170		86,447				126,617	40,170		204,299				244,469	
<b>78</b>	<b>Administration</b>	<b>1,782,127</b>			<b>178,161</b>			<b>1,960,288</b>	<b>1,960,288</b>						<b>1,960,288</b>	
----	Administrative Savings from Restructuring							(144,722)							(144,722)	
	Savings from More Efficient Technology Services							(39,321)							(39,321)	
	FY 04-05 Health Insurance & Pay Plan Allocation	114,922						114,922	114,922						114,922	
52	Case Management Training General Fund Savings from Eliminating Pass Throughs	54,176						54,176								
	<b>Total</b>	<b>8,605,421</b>	<b>37,901,356</b>	<b>21,988,006</b>	<b>405,161</b>			<b>68,899,944</b>	<b>8,520,363</b>	<b>36,763,842</b>	<b>19,849,904</b>				<b>65,134,109</b>	
<b>Governor's Office - Mansion</b>																
<b>79</b>	<b>Administration</b>	<b>369,784</b>			<b>29,602</b>			<b>399,386</b>	<b>399,386</b>						<b>399,386</b>	
	Savings from More Efficient Technology Services							(898)							(898)	
	FY 04-05 Health Insurance & Pay Plan Allocation	10,706						10,706	10,706						10,706	
	<b>Total</b>	<b>380,490</b>			<b>29,602</b>			<b>410,092</b>	<b>409,194</b>						<b>409,194</b>	
<b>Office of the Inspector General</b>																
<b>NEW</b>	<b>Establish Inspector's Office</b>								<b>400,000</b>						<b>400,000</b>	
	<b>Total</b>								<b>400,000</b>						<b>400,000</b>	
<b>Lieutenant Governor</b>																
90	Flow Thru Fndng Title III Part C & USDA-Group Dining & Home Delivered Nutrition Serv. - Regional	726,786	7,873,961	3,303,826				11,904,573	726,786	9,019,145					9,745,931	
89	Nutrition Services - State	89,011	251,931					340,942	89,011	251,931					340,942	
92	Flow Thru Fndng-Title V Employ. & Training Serv - Regional		980,233	108,915				1,089,148		545,932					545,932	
103	State Long Term Care Ombudsman Program - State	18,320	103,814					122,134	18,320	107,672					125,992	
<b>104</b>	<b>State Long Term Care Ombudsman Program - Regional</b>			<b>30,965</b>				<b>30,965</b>	<b>310,000</b>						<b>310,000</b>	
91	Employment and Training Services - State	6,943	62,490					69,433	6,943	62,490					69,433	
80	Executive Operations of the Lieutenant Governor's Office	166,513			6,591			173,104	166,513						166,513	
88	Regional Level Activity Flow Thru Fndng Title III Part B Community-Based Support Serv	296,470	4,501,131	1,954,345				6,751,946	296,470	9,834,151					10,130,621	
93	St Level Activity-Medicare Counseling Program--I-CARE		102,694					102,694		102,694					102,694	
98	Regional Level Activity - Flow Thru Funding - Caregiver Support Program			618,900				618,900		243,512	618,900				862,412	
105	Elder Abuse Prevention - State	2,500						2,500	2,500						2,500	
87	State Level Activity Home and Community-based Services	71,579	214,737					286,316	71,579	214,737					286,316	
<b>87</b>	<b>Funding to Provide Service for More Patients in Lieu of Pay Increase for Non-state employees</b>								<b>71,376</b>						<b>71,376</b>	
94	State Level Activity - Medicare Fraud	26,536	79,607					106,143	26,536	172,107					198,643	
97	State Level Activity - Family Caregiver Support Program	17,712	53,135					70,847	17,712	53,135					70,847	
96	Senior Center Development Permanent Improvement Projects			3,000,000				3,000,000			3,000,000				3,000,000	
99	State Level Activity - Information & Assistance		108,499					108,499		395,296					395,296	
106	Legal Assistance - State															
111	State Level Activity - Competitive Grant Awards	145,000		150,000				295,000	145,000						145,000	
95	Regional Level Activity - Medicare Fraud			29,321				29,321								
107	Advance Directives - State															

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	
100	Regional Level Activity - Flow Thru Funding - Information and Assistance	11,451	194,675	48,728			254,854	11,451	112,258				123,709	
110	State Level Activity - Alzheimer's Resource Coordination Center	5,000					5,000	5,000					5,000	
84	Quality Assurance	10,574	29,626				40,200	10,574	29,626				40,200	
112	Elder Care Trust Fund - State			9,100			9,100			9,100			9,100	
81	Constituent Service & Recognition Programs	41,408			6,591		47,999	41,408					41,408	
113	Elder Care Trust Fund - Local			75,000			75,000			75,000			75,000	
85	Statistical Data Collection and Analysis	116,822	34,921				151,743	116,822	458,921				575,743	
109	Local Provider Salary Supplement	729,411					729,411	729,411					729,411	
109	Funding to Support Investigations of Nursing Home Abuse in Lieu of Pay Increase for Non-state employees							(310,000)					(310,000)	
82	Lieutenant Governor's Young Writer's Program	43,398			6,591		49,989	43,398					43,398	
86	Information Systems	21,548					21,548	21,548					21,548	
83	Administration	195,496	271,987				467,483	195,496	1,038,419				1,233,915	
	Savings from More Efficient Technology Services							(312)					(312)	
	FY 04-05 Health Insurance & Pay Plan Allocation	95,670					95,670	95,670					95,670	
101	Summer School of Gerontology - Other Fund Savings Due to Program Ending			45,000			45,000							
102	S.C. Conference on Aging - Other Fund Savings From Consolidating Aging Conferences			80,000			80,000							
108	McCormick Intergenerational Project	8,841					8,841							
	<b>Total</b>	<b>2,846,989</b>	<b>14,863,441</b>	<b>9,454,100</b>	<b>19,773</b>		<b>27,184,303</b>	<b>2,909,212</b>	<b>22,642,026</b>	<b>3,703,000</b>			<b>29,254,238</b>	
<b>Secretary of State</b>														
120	Trademarks, Service of Process, Empl Agencies & Bus Opp	59,403					59,403	59,403					59,403	
115	Corporations	163,292		200,000	34,043		397,335	163,292		200,000			363,292	
116	Uniform Commercial Code	165,570		220,000	34,043		419,613	165,570		220,000			385,570	
119	Charities, Spec Purp Dist, Munic Incorp. & Annexations			643,395			643,395			643,395			643,395	
117	Notaries and Apostilles	45,590					45,590	45,590					45,590	
118	Boards, Commissions, Acts & Resolutions	45,590					45,590	45,590					45,590	
114	Administration	372,733		50,000			422,733	372,733		50,000			422,733	
	FY 04-05 Health Insurance & Pay Plan Allocation	24,886					24,886	24,886					24,886	
	Savings from Modernization of Human Resource Systems							(1,029)					(1,029)	
	Savings from More Efficient Technology Services							(10,890)					(10,890)	
	<b>Total</b>	<b>877,064</b>		<b>1,113,395</b>	<b>68,086</b>		<b>2,058,545</b>	<b>865,145</b>		<b>1,113,395</b>			<b>1,978,540</b>	
<b>Comptroller General</b>														
121	Central State Audit - Payroll	641,723		32,022	26,423		700,168	671,446		32,022			703,468	
122	Central State Audit - Accounts Payable	615,205		32,022	26,423		673,650	643,700		106,500			750,200	
125	Financial Reporting	547,953		149,920	123,706		821,579	571,988		159,752			731,740	
123	Central State Accounting-Statewide Accounting	284,476		76,218	62,890		423,584	316,490		85,561			402,051	
128	Data Processing - Info. Technology Support	701,333		29,344	24,213		754,890	744,063		92,949			837,012	
124	Central State Accounting-Records Management	66,729		20,921	17,262		104,912	74,239		20,921			95,160	
129	Data Proc-Central Enterprise Support for SCEIS	234,001		8,437	6,964		249,402	234,001		8,437			242,438	
127	Local Government			60,746	50,125		110,871			60,746			60,746	
126	Administration	813,471		76,370	63,016		952,857	858,336		124,370			982,706	
	FY 04-05 Health Insurance & Pay Plan Allocation	115,092					115,092	115,092					115,092	
	Savings from Modernization of Human Resource Systems							(2,652)					(2,652)	
	Savings from More Efficient Technology Services							(69,800)					(69,800)	
	<b>Total</b>	<b>4,019,983</b>		<b>486,000</b>	<b>401,022</b>		<b>4,907,005</b>	<b>4,156,903</b>		<b>691,258</b>			<b>4,848,161</b>	
<b>State Treasurer</b>														
130	Accounting and Banking	866,675		236,580			1,103,255	1,015,765		236,580			1,252,345	
131	Investments	133,113		694,825			827,938	133,113		694,825			827,938	
132	Debt Management	548,053		75,000	246,288		869,341	548,053		75,000			623,053	
135	Student Loans-Teachers			3,209,270			3,209,270			3,209,270			3,209,270	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
134	SC Tuition Prepayment Program--Program should be self-supporting over next two years.							(55,733)						(55,733)	
134	SC Tuition Prepay Prog/SC Coll Investment Prog	111,466					612,023	111,466						612,023	
133	Unclaimed Property Program	288,680		1,293,985				288,680			1,293,985			1,582,665	
133	Unclaimed Property Program -Increased Other Funds reduces reliance on General Funds							(288,680)			288,680				
136	Administration	475,407					475,407	475,407						475,407	
	FY 04-05 Health Insurance & Pay Plan Allocation	56,432					56,432	56,432						56,432	
	Savings from More Efficient Technology Services							(49,034)						(49,034)	
	Savings from Reduced Cost for E-mail and Internet Services							(44,544)						(44,544)	
	<b>Total</b>	<b>2,479,826</b>		<b>6,010,217</b>	<b>246,288</b>		<b>8,736,331</b>	<b>2,190,925</b>			<b>6,298,897</b>			<b>8,489,822</b>	
<b>Attorney General</b>															
140	Capital Litigation Sub-Section & Post-Conviction Relief	1,070,407		102,511	123,803		1,296,721	1,070,407		102,511				1,172,918	
142	The State Grand Jury	468,694		53,480	54,209		576,383	468,694		53,480				522,174	
145	Government Litigation Section	571,360		243,717	66,084		881,161	571,360		243,717				815,077	
137	<b>Prosecution/Insurance Section</b>	<b>565,708</b>		<b>645,622</b>	<b>106,043</b>		<b>1,317,373</b>	<b>1,071,751</b>		<b>843,823</b>				<b>1,915,574</b>	
147	Sexually Violent Predator Section	127,663		12,226	14,766		154,655	127,663		12,226				139,889	
150	Opinions Division	311,570		29,838	36,035		377,443	311,570		29,838				341,408	
148	Securities Fraud Section			1,732,700			1,732,700			1,732,700				1,732,700	
146	Grievance Section	283,894		27,188	32,835		343,917	283,894		27,188				311,082	
141	The Medicaid Fraud Control Section	306,146	918,438	68,382			1,292,966	306,146	969,122	133,382				1,408,650	
139	VAWA	25,000	100,000				125,000	25,000	74,425					99,425	
143	The Internet Crimes Against Children Section		250,575				250,575		250,575					250,575	
138	Gun Violence Grant	20,000	80,000				100,000	20,000	80,000					100,000	
144	<b>The Criminal Appeals Section</b>	<b>512,438</b>		<b>49,575</b>	<b>59,269</b>		<b>621,282</b>	<b>571,707</b>		<b>49,575</b>				<b>621,282</b>	
149	<b>Administrative Division</b>	<b>1,480,181</b>		<b>142,660</b>	<b>171,197</b>		<b>1,794,038</b>	<b>1,651,378</b>		<b>142,660</b>				<b>1,794,038</b>	
	FY 04-05 Health Insurance & Pay Plan Allocation	156,380					156,380	156,380						156,380	
	Savings from Modernization of Human Resource Systems							(5,185)						(5,185)	
	Savings from More Efficient Technology Services							(24,778)						(24,778)	
	<b>Total</b>	<b>5,899,441</b>	<b>1,349,013</b>	<b>3,107,899</b>	<b>664,241</b>		<b>11,020,594</b>	<b>6,605,987</b>	<b>1,374,122</b>	<b>3,371,100</b>				<b>11,351,209</b>	
<b>Prosecution Coordination Commission</b>															
151	Office of Solicitor State Appropriations	7,543,854					7,543,854	7,543,854						7,543,854	
155	DUI Prosecution Unit		149,676				149,676		149,676					149,676	
153	State Office of Pretrial Intervention	111,031					111,031	111,031						111,031	
154	Child Abuse Prosecution Unit:	84,124					84,124	84,124						84,124	
152	Administration	345,322		225,000	50,000		620,322	345,322		2,387,930				2,733,252	
	FY 04-05 Health Insurance & Pay Plan Allocation	109,291					109,291	109,291						109,291	
	Savings from More Efficient Technology Services							(6,554)						(6,554)	
	<b>Total</b>	<b>8,193,622</b>	<b>149,676</b>	<b>225,000</b>	<b>50,000</b>		<b>8,618,298</b>	<b>8,187,068</b>	<b>149,676</b>	<b>2,387,930</b>				<b>10,724,674</b>	
<b>Appellate Defense</b>															
157	Post Conviction Relief Appeals	365,544					365,544	365,544						365,544	
156	Direct Appeals	365,545					365,545	365,545						365,545	
	Savings from Modernization of Human Resource Systems							(712)						(712)	
	Savings from More Efficient Technology Services							(602)						(602)	
158	Administration	143,865		202,600			346,465	143,865		202,600				346,465	
	FY 04-05 Health Insurance & Pay Plan Allocation	23,627					23,627	23,627						23,627	
	<b>Total</b>	<b>898,581</b>		<b>202,600</b>			<b>1,101,181</b>	<b>897,267</b>		<b>202,600</b>				<b>1,099,867</b>	
<b>Commission on Indigent Defense</b>															
160	Legal Aid Funding	7,542		1,700,000			1,707,542	7,542		1,700,000				1,707,542	
161	Death Penalty Fund	39,099		2,750,000			2,789,099	39,099		2,750,000				2,789,099	
162	Conflict Fund	20,705		1,100,000			1,120,705	20,705		1,100,000				1,120,705	
163	Civil Appointment Fund	18,200		750,000			768,200	18,200		750,000				768,200	
164	Defense of Indigents Per Capita	3,188,651		2,023,052			5,211,703	3,188,651		2,023,052				5,211,703	
159	Administration	301,204					301,204	301,204						301,204	
	FY 04-05 Health Insurance & Pay Plan Allocation	10,151					10,151	10,151						10,151	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
	Savings from Modernization of Human Resource Systems								(277)					(277)	
	Savings from More Efficient Technology Services								(608)					(608)	
	<b>Total</b>	<b>3,585,552</b>		<b>8,323,052</b>				<b>11,908,604</b>	<b>3,584,667</b>		<b>8,323,052</b>			<b>11,907,719</b>	
<b>Adjutant General</b>															
169	Army Support - Telecommunications		1,700,000					1,700,000		1,750,000				1,750,000	
183	EMD - Natural Hazards Preparedness	268,920	298,845					567,765	268,920	300,751				569,671	
181	EMD - Homeland Security	97,894	279,456					377,350	97,894	339,903				437,797	
184	EMD - Natural Hazards Response	204,581	204,581	87,468				496,630	204,581	248,733	87,468			540,782	
186	EMD - Fixed Nuclear Facility Operations	39,356	39,356	754,208				832,920	39,356	48,292	698,374			786,022	
190	EMD - Operations Support	239,810	255,685	93,190				588,685	239,810	310,875	87,740			638,425	
165	Armory Operations	1,349,153	300,000	920,200				2,569,353	1,349,153	700,000	920,200			2,969,353	
166	Army Support - Operations and Maintenance	134,147	6,318,000	50,000				6,502,147	134,147	6,330,867				6,465,014	
175	Air Support - Operations and Maintenance	259,508	1,550,400	3,000				1,812,908	259,508	1,606,005	3,000			1,868,513	
177	Air Support - Security		230,000					230,000		450,000				450,000	
187	EMD - Natural Hazards Recovery	69,163	69,163					138,326	69,163	84,406				153,569	
198	State's National Guard Pension Funds	1,996,581		30,000				2,026,581	1,996,581		30,000			2,026,581	
185	EMD - Hazardous Materials	29,163	95,601					124,764	29,163	91,101				120,264	
188	EMD - Natural Hazards Mitigation	65,211	76,760					141,971	65,211	221,668				286,879	
173	Army Support - Distance Learning		150,000					150,000		189,000	3,429			192,429	
178	Air Support - Firefighting		1,071,000					1,071,000		1,039,600				1,039,600	
182	EMD - Public Information	73,105	84,653	62,714				220,472	73,105	103,050	38,914			215,069	
168	Army Support - Security		435,000					435,000		369,800				369,800	
192	Americorps		297,476	30,879				328,355		297,476	30,879			328,355	
196	Operations & Training	32,301						32,301	32,301					32,301	
195	Military Personnel Support	33,755						33,755	33,755					33,755	
197	Burial Flags	3,254						3,254	3,254					3,254	
172	Army Support - Supplemental Transportation		8,000					8,000		8,000				8,000	
176	Air Support - Environmental	13,233	49,634					62,867	13,233	40,007				53,240	
189	EMD - Local Pass Through		1,500,000					1,500,000		1,828,448				1,828,448	
167	Army Support - Environmental	15,815	1,591,900					1,607,715	15,815	1,614,100				1,629,915	
170	Army Support - Sustainable Range Program		196,500					196,500		381,000				381,000	
171	Army Support - Full-Time Dining Facility		650,000					650,000		450,000				450,000	
193	Enterprise Operations			1,265,250				1,265,250			1,297,950			1,297,950	
174	Army Support - Youth Challenge		3,640,000					3,640,000		3,360,000	35,000			3,395,000	
180	Air Support - Starbase Swamp Fox		220,000					220,000		240,000				240,000	
179	Air Support - Natural Resources		80,300					80,300		70,050				70,050	
199	Administration	1,652,638		25,000				1,677,638	1,652,638	319,825	26,071			1,998,534	
	FY 04-05 Health Insurance & Pay Plan Allocation		74,023					74,023		74,023				74,023	
	Savings from Modernization of Human Resource Systems								(5,066)					(5,066)	
	Savings from More Efficient Technology Services								(31,050)					(31,050)	
	Recurring Savings from Repayment of Revenue Bonds								(466,000)					(466,000)	
	<b>NEW Funding for Emergencies - Federal Match</b>								<b>3,000,000</b>					<b>3,000,000</b>	
191	State Guard	193,634						193,634							
194	Funeral Caisson	99,000						99,000							
	<b>Total</b>	<b>6,944,245</b>	<b>21,392,310</b>	<b>3,321,909</b>				<b>31,658,464</b>	<b>9,149,495</b>	<b>22,792,957</b>	<b>3,259,025</b>			<b>35,201,477</b>	
<b>Election Commission</b>															
207	2004 General Election				2,400,000			2,400,000							
204	Special Primaries			1,450,000				1,450,000			1,450,000			1,450,000	
201	Voter Services	387,581		110,000	23,660			521,241	387,581		110,000			497,581	
203	Help America Vote Act (HAVA)	700,000			700,000			1,400,000							
	<b>HAVA match</b>								<b>1,059,727</b>	<b>7,194,535</b>				<b>8,254,262</b>	
202	Public Information - Training	117,878		35,000				152,878	117,878		35,000			152,878	
206	Distribution to Subdivisions	65,997			95,215			161,212	65,997					65,997	
205	Distribution to Subdivisions	449,017						449,017	449,017					449,017	
	---- 2006 Statewide Primaries and Runoffs								2,400,000					2,400,000	
200	Administration	502,288		288,326				790,614	502,288		295,700			797,988	
	FY 04-05 Health Insurance & Pay Plan Allocation		19,615					19,615		19,615				19,615	
	Savings from Modernization of Human Resource Systems								(594)					(594)	
	Savings from More Efficient Technology Services								(41,025)					(41,025)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
	Savings from Reduced Cost for E-mail and Internet Services								(9,744)					(9,744)	
	<b>Total</b>	<b>2,242,376</b>		<b>1,883,326</b>		<b>3,218,875</b>			<b>7,344,577</b>	<b>4,950,740</b>	<b>7,194,535</b>	<b>1,890,700</b>		<b>14,035,975</b>	
<b>Budget &amp; Control Board</b>															
<b>246</b>	<b>CIO - Implement E-leave System Statewide</b>									<b>87,000</b>				<b>87,000</b>	
	<b>Fund for State Agency Costs Associated with Restructuring</b>									<b>2,000,000</b>				<b>2,000,000</b>	
	---- Repayment of Barnwell Trust Fund From FY 04-05 Surplus											25,000,000		25,000,000	
240	State Revolving Fund Loans	1,064,090	500,000	575,000				2,139,090		1,064,090	500,000	578,800		2,142,890	
236	Employee Insurance Financial Services			3,211,576				3,211,576				3,339,825		3,339,825	
209	Health & Demographics	983,149	244,012	2,257,248				3,484,409		983,149	291,321	2,477,659		3,752,129	
239	Local Government Infrastructure Grants	269,682		3,610,000				3,879,682		269,682		3,605,000		3,874,682	
239	Local Govt Infra Grants-Combine w/ Rural Infra Fnd within Dept of Commerce								(134,841)					(134,841)	
211	Bd of Econ Advisors & Economic Research	949,767						949,767		949,767				949,767	
254	Equity Investment Operations			1,332,571				1,332,571				1,332,571		1,332,571	
237	Employee Insurance Customer Services			4,554,892				4,554,892				4,736,784		4,736,784	
208	Statewide Budget Devel, Analysis & Implement.	2,172,237						2,172,237		2,172,237				2,172,237	
223	Facilities Management	2,408,655		23,503,395				25,912,050		2,408,655		25,292,446		27,701,101	
223	Custodial service from 5 days a week to 3								(1,000,000)					(1,000,000)	
255	Retirement Systems Financial Services			4,273,220				4,273,220				4,524,685		4,524,685	
213	Enhanced 911			328,658				328,658				328,658		328,658	
233	Audit and Certification	282,818		25,500				308,318		282,818		52,000		334,818	
235	Property & Liability Self-Insurance			5,603,877				5,603,877				5,494,626		5,494,626	
235	Insurance Reserve Fund Repayment														6,552,030
235	Insurance Reserve Fund - Payment for FY 04-05 Surplus											2,113,041		2,113,041	
247	Network Services- Other			6,652,503				6,652,503				8,554,424		8,554,424	
<b>253</b>	<b>Enterprise Projects</b>	<b>784,000</b>			<b>2,661,363</b>			<b>3,445,363</b>		<b>2,610,000</b>				<b>2,610,000</b>	<b>5,500,000</b>
257	Retirement Systems Information Technology			4,563,842				4,563,842				4,727,299		4,727,299	
259	Legal Services			1,084,307				1,084,307				1,084,307		1,084,307	
212	Redistricting & Precinct Demographics	227,570		119,422				346,992		227,570		119,422		346,992	
252	IT Planning & Project Management			1,619,374				1,619,374				1,461,149		1,461,149	
252	IT Study for Statewide Server Consolidation														400,000
256	Retirement Systems Customer Services			5,090,006				5,090,006				5,424,015		5,424,015	
268	Southern Maritime	116,896						116,896		116,896				116,896	
230	Intra Agency Mail			1,026,811				1,026,811				1,036,806		1,036,806	
232	Procurement	1,472,677		437,200				1,909,877		1,472,677		397,302		1,869,979	
246	Network Serv-Long Dist, Internet & Network			10,822,915				10,822,915				11,098,169		11,098,169	
220	Grievance and Mediation Services	464,882						464,882		464,882				464,882	
248	Data Processing Services			17,817,534				17,817,534				16,292,759		16,292,759	
250	Data Proc -Desktop & Mid Range Server Support			1,526,361				1,526,361				1,756,914		1,756,914	
251	Information Technology Procurement (ITMO)			796,333				796,333				881,135		881,135	
258	Retirement Systems Service/Imaging			1,597,078				1,597,078				1,718,103		1,718,103	
267	Comptroller General Data Proc Support	643,665						643,665		643,665				643,665	
267	State Treasurer Data Proc Support	429,110						429,110		429,110				429,110	
226	Surplus Property			1,472,941				1,472,941				1,530,560		1,530,560	
228	Appraisal			500,466				500,466				502,107		502,107	
244	Radioactive Waste Disposal Program			468,256				468,256				521,452		521,452	
245	Network Services-Local Services			10,496,821				10,496,821				10,390,296		10,390,296	
249	Data Proc Services - Applications Development			2,550,191				2,550,191				2,339,831		2,339,831	
214	Geodetic Network	758,811	360,757	104,300				1,223,868		758,811	460,254	158,543		1,377,608	
227	Leasing			591,153				591,153				591,329		591,329	
229	Parking Services	113,045		348,019				461,064		113,045		370,232		483,277	
238	Adoption Assistance			8,687				8,687				8,687		8,687	
241	Community Development Block Grants	72,144						72,144		72,144				72,144	
243	State Energy Program			1,204,691	2,321,926			3,526,617				1,419,839		2,580,304	
222	Confederate Relic Room & Museum Serv	620,222			23,100			643,322		620,222	1,160,465	28,100		648,322	
224	State Fleet Management			13,686,405				13,686,405				14,198,437		14,198,437	
231	Central Supply			655,444				655,444				603,888		603,888	
265	Base Closure	574,716						574,716		574,716				574,716	
219	Human Resource Consulting Services	1,564,206						1,564,206		1,564,206				1,564,206	
225	Print Shop			773,863				773,863				785,131		785,131	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
262	Internal Audit and Performance Review	122,279		312,391				434,670	122,279		312,391			434,670		
263	Brandenburg Coordination Committee	11,354						11,354	11,354					11,354		
242	New Ellenton Debt Service	420,000						420,000	420,000					420,000		
242	New Ellenton Debt Service - Bond will be paid so there is no annual expense								(420,000)					(420,000)		
242	Pay New Ellenton Debt														3,916,811	
266	Veterans Memorial	250,000						250,000	250,000					250,000		
266	Veterans Memorial Funded in the FY 04-05 budget								(250,000)					(250,000)		
269	Human Resources (HR) Support	136,174						136,174	136,174					136,174		
270	Administration	1,992,629		2,750,648				4,743,277	1,992,629		2,682,264			4,674,893		
----	Better Utilization of State-owned and Leased Real Estate								(824,400)					(824,400)		
	Savings from More Efficient Technology Services								(529,179)					(529,179)		
	Savings from Reduced Cost for E-mail and Internet Services								(251,952)					(251,952)		
	Recurring Savings from Repayment of Revenue Bonds								(139,727)					(139,727)		
221	SC Leadership	53,833						53,833								
210	Kids Count - General Fund Savings From Activity Funded from Other Funds	23,077		420,544				443,621			420,544			420,544		
215	Training and Development Services	608,101		364,545				972,646			368,267			368,267		
216	Temporary Employment Services	47,561		1,837,555				1,885,116			2,128,418			2,128,418		
217	Recruitment Services	166,688						166,688								
218	Workforce Planning	73,851						73,851								
234	State Engineer	458,956		71,000				529,956			71,000			71,000		
260	Executive Education Training	382,907		162,750				545,657			86,500			86,500		
261	Training Facility Mgmt and Meeting Planning			35,000				35,000			25,231			25,231		
264	Civil Contingent Fund	161,902						161,902								
	FY 04-05 Health Insurance & Pay Plan Allocation	345,792						345,792	345,792					345,792		
	<b>Total</b>	<b>21,227,446</b>	<b>2,309,460</b>	<b>142,385,628</b>	<b>2,661,363</b>			<b>168,583,897</b>	<b>19,613,471</b>	<b>2,412,040</b>	<b>172,970,946</b>			<b>194,996,457</b>	<b>16,368,841</b>	
<b>B&amp;C Board - Auditor</b>																
271	Audit the State's Basic Financial Statements	106,975		240,000				346,975	106,975		240,000			346,975		
272	Single Audit	546,346						546,346	546,346					546,346		
274	State Agency Audits	634,520			225,018			859,538	634,520					634,520		
273	Medicaid Audits	1,108,149						1,108,149	1,108,149					1,108,149		
275	Court Audits										250,000			250,000		
276	Administration (Overhead Costs)	331,927						331,927	331,927					331,927		
	FY 04-05 Health Insurance & Pay Plan Allocation	81,846						81,846	81,846					81,846		
	Savings from More Efficient Technology Services								(5,460)					(5,460)		
	<b>Total</b>	<b>2,809,763</b>		<b>240,000</b>	<b>225,018</b>			<b>3,274,781</b>	<b>2,804,303</b>		<b>490,000</b>			<b>3,294,303</b>		
<b>Budget &amp; Control Bd - Empl Benefits</b>																
277	Employee Benefits	8,636,573		1,557,159				10,193,732	8,639,097		166,323			8,805,420		
277	FY 05-06 Excess in Base								(3,300,000)					(3,300,000)		
	<b>Total</b>	<b>8,636,573</b>		<b>1,557,159</b>				<b>10,193,732</b>	<b>5,339,097</b>		<b>166,323</b>			<b>5,505,420</b>		
<b>Capital &amp; General Reserve Funds</b>																
278	Reserve Funds	149,356,026						149,356,026	99,356,026					99,356,026		
	<b>Total</b>	<b>149,356,026</b>						<b>149,356,026</b>	<b>99,356,026</b>					<b>99,356,026</b>		
<b>Commission on Higher Education</b>																
279	Academic Program Review								250,000					250,000		
286	SREB Contractual Scholarships	844,680						844,680	844,680					844,680		
287	SREB Fees and Assessments	1,249,897						1,249,897	1,249,897					1,249,897		
297	Educational Endowment	12,960,562		11,039,438				24,000,000	12,960,562		3,165,892			16,126,454		
301	African American Loan Program	202,874						202,874	202,874					202,874		
306	LIFE Scholarships	29,646,795						92,727,949	29,646,795				101,601,509	131,248,304		
310	HOPE Scholarships							6,183,017	6,183,017				6,733,904	6,733,904		
312	Palmetto Fellows Scholarships							11,176,712	11,176,712				15,817,020	15,817,020		
313	Teacher Scholarship Grants							2,000,000	2,000,000				1,000,000	1,000,000		
314	Lottery Tuition Assistance							39,750,000	39,750,000				39,750,000	39,750,000		
311	Need Based Grants							10,438,427	10,438,427				14,375,200	14,375,200		
291	Training for Math & Science Teachers			888,597				888,597			888,597			888,597		

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
280	SC Alliance for Minority Participation	320,327						320,327	320,327					320,327	
307	Electronic Library							2,000,000	2,000,000						
289	SC Manufacturing Extension Partnerships	1,227,921						1,227,921	1,227,921					1,227,921	
308	Research Centers of Excellence							30,000,000	30,000,000				20,000,000	20,000,000	
292	Centers of Excellence			662,953				662,953			662,953			662,953	
298	State Approving Section	107,899	50,000	297,557				455,456	107,899	141,502	391,102			640,503	
300	Fund for Improvement of Postsecondary Educ		85,000					85,000		85,000				85,000	
305	Academic Endowment	444,828						444,828	444,828					444,828	
304	National Grd Tuition Repayment Program	129,187						1,500,000	1,629,187				250,000	379,187	
309	Excellence Enhancement							4,700,000	4,700,000				3,000,000	3,000,000	
281	Greenville Tech Coll- Univ Cnt	907,504						800,000	1,707,504					907,504	
282	Greenville Higher Ed Center	180,287							180,287					180,287	
283	University Center of Greenville -Operations	427,101							427,101					427,101	
288	Gear Up	600,000	1,863,410					2,463,410	600,000	2,139,951				2,739,951	
284	Lowcountry Grad Center	465,000							465,000					465,000	
315	Technology Grants												12,000,000	12,000,000	
294	EIA-Teacher Recruitment			5,836,110				5,836,110			5,836,110			5,836,110	
299	Higher Education Awareness	402,250						402,250	402,250					402,250	
285	Access and Equity	711,613						711,613	711,613					711,613	
285	Savings from Better Coordination with Higher Education Awareness Program													(142,322)	
295	Cutting Edge	175,035						175,035	175,035					175,035	
303	Experimental Prog to Stimulate Cooperative Res.	300,000						300,000	300,000					300,000	
302	Performance Funding	2,463,806						2,463,806	2,463,806					2,463,806	
279	Administration - Auditor	1,961,297	247,557					2,208,854	1,961,297	247,557				2,208,854	
----	\$90M has been budgeted over last 3 years for Endowed Chairs, \$72.5M has been awarded, but only \$17M has been distributed.												(10,000,000)	(10,000,000)	
	Savings from Modernization of Human Resource Systems								(1,108)					(1,108)	
	Savings from More Efficient Technology Services								(8,648)					(8,648)	
290	Arts Program	10,274						10,274							
293	Youth Leadership Conference	50,000						50,000							
296	Professor of the Year	14,850						14,850							
	FY 04-05 Health Insurance & Pay Plan Allocation	56,502						56,502	56,502					56,502	
<b>Total</b>		<b>55,860,489</b>	<b>3,134,564</b>	<b>17,836,058</b>				<b>215,276,105</b>	<b>292,107,216</b>	<b>55,883,287</b>	<b>3,502,607</b>	<b>56,057</b>	<b>214,527,633</b>	<b>273,969,584</b>	
<b>Higher Education Tuition Grants</b>															
316	Tuition Grants	19,322,247	324,345	2,545,135				4,000,000	26,191,727	19,322,247	885,940	2,321,305	4,000,000	26,529,492	
318	Administration	328,623							328,623					328,623	
	Savings from Modernization of Human Resource Systems													(158)	
	Savings from More Efficient Technology Services													(1,850)	
----	Better Utilization of State-owned and Leased Real Estate													(38,848)	
	FY 04-05 Health Insurance & Pay Plan Allocation	6,653						6,653	6,653					6,653	
317	South Carolina Student Legislature	17,780						17,780							
<b>Total</b>		<b>19,675,303</b>	<b>324,345</b>	<b>2,545,135</b>				<b>4,000,000</b>	<b>26,544,783</b>	<b>19,616,667</b>	<b>885,940</b>	<b>2,321,305</b>	<b>4,000,000</b>	<b>26,823,912</b>	
<b>The Citadel</b>															
332	Scholarships and Fellowships		14,045,280	2,095,846				16,141,126			16,625,255	2,996,480		19,621,735	
321	School of Business Administration	1,434,864		1,083,195				2,518,059	1,434,864			1,083,195		2,518,059	
322	School of Education	1,210,101		913,518				2,123,619	1,210,101			913,518		2,123,619	
323	School of Engineering	928,880		701,222				1,630,102	928,880			701,222		1,630,102	
324	School of Humanities and Social Sciences	3,112,601		2,349,736				5,462,337	3,112,601			2,349,736		5,462,337	
325	School of Science and Mathematics	2,746,162		2,073,107				4,819,269	2,746,162			2,073,107		4,819,269	
340	Infirmiry			942,910				942,910				942,910		942,910	
319	Coll of Graduate & Prof. Studies	1,138,731		859,639				1,998,370	1,138,731			859,639		1,998,370	
328	Academic Support	1,876,779		3,310,223				5,187,002	1,876,779			3,310,223		5,187,002	
339	Faculty/Staff Quarters			541,931				541,931				541,931		541,931	
320	ROTC Departments	80,957		61,116				142,073	80,957			61,116		142,073	
341	Laundry/Dry Cleaning			1,025,537				1,025,537				1,025,537		1,025,537	
342	Print Shop			337,795				337,795				337,795		337,795	
329	Student Services			4,851,910				4,851,910				4,851,910		4,851,910	
336	Barracks			4,571,171				4,571,171				4,571,171		4,571,171	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	
338	Dining Hall			4,481,254			4,481,254			4,481,254			4,481,254	
326	Research		88,123	417,571			505,694		88,123	417,571			505,694	
335	Director of Auxiliary Activity			29,162			29,162			29,162			29,162	
331	O&M of Plant			10,388,091			10,388,091			10,388,091			10,388,091	
327	Public Service		1,852,526	2,773,224			4,625,750		1,852,526	2,773,224			4,625,750	
337	Cadet Store			3,927,173			3,927,173			3,927,173			3,927,173	
343	Tailor Shop			1,227,242			1,227,242			1,227,242			1,227,242	
345	Coeducation Initiative (Assimilation of Women Completed)	1,110,000					1,110,000							
<b>345</b>	<b>Academic Support - redirected funds from Coeducation Initiative</b>							<b>832,500</b>					<b>832,500</b>	
333	Athletics			4,823,910			4,823,910			4,823,910			4,823,910	
334	Gift Shop Enterprises			2,374,287			2,374,287			2,374,287			2,374,287	
344	Telephone			19,441			19,441			19,441			19,441	
330	Institutional Support	119,260	15,000	5,828,078			5,962,338	119,260	15,000	10,227,140			10,361,400	
----	CHE Program Productivity Study							(47,148)					(47,148)	
	Savings from Modernization of Human Resource Systems							(22,719)					(22,719)	
	Savings from More Efficient Technology Services							(42,372)					(42,372)	
	FY 04-05 Health Insurance & Pay Plan Allocation	408,162					408,162	408,162					408,162	
	Savings from Implementing Administration Standards for Non-teaching Personnel							(203,154)					(203,154)	
	<b>Total</b>	<b>14,166,497</b>	<b>16,000,929</b>	<b>62,008,289</b>			<b>92,175,715</b>	<b>13,573,604</b>	<b>18,580,904</b>	<b>67,307,985</b>			<b>99,462,493</b>	
<b>Clemson University (E&amp;G)</b>														
358	Scholarships and Fellowships		8,877,497	70,608,664			79,486,161		8,877,497	70,608,664			79,486,161	
362	Instr--Coll of Architecture, Arts & Humanities	15,595,484	3,656,161	5,466,858			24,718,503	15,595,484	3,656,161	5,466,858			24,718,503	
363	Instr--Coll of Business & Behavioral Science	15,996,867		5,607,559			21,604,426	15,996,867		5,607,559			21,604,426	
364	Instr--Coll of Agric, Forestry & Life Sciences	10,248,128		3,592,390			13,840,518	10,248,128		3,592,390			13,840,518	
365	Instr--Coll of Engineering & Science	29,908,889		10,484,294			40,393,183	29,908,889		10,484,294			40,393,183	
366	Instr--Coll of Health, Educ. & Human Develop	10,727,821		3,760,542			14,488,363	10,727,821		3,760,542			14,488,363	
351	Research			30,253,319			30,253,319			30,253,319			30,253,319	
352	Sponsored Research		56,211,600	10,438,983			66,650,583		66,481,843	15,019,438			81,501,281	
349	Line Item- Advanced Films and Fibers	814,749					814,749	814,749					814,749	
350	Line Item-Wireless Communication	500,000					500,000			500,000			500,000	
354	Academic Support		1,877,748	35,003,888			36,881,636		2,176,028	36,071,884			38,247,912	
346	Auxiliary - Student Housing		3,000	21,228,115			21,231,115		3,000	21,228,115			21,231,115	
347	Auxiliary - Other		280,337	21,755,448			22,035,785		280,337	21,755,448			22,035,785	
360	Auxiliary - Food Services			10,362,116			10,362,116			10,362,116			10,362,116	
361	Auxiliary - Bookstores			1,218,798			1,218,798			1,218,798			1,218,798	
348	Municipal Services	931,747					931,747	931,747					931,747	
355	Student Services		1,127,177	12,646,760			13,773,937		1,127,177	12,646,760			13,773,937	
357	Operation and Maintenance of the Plant		14,002	28,630,152			28,644,154		542,131	34,408,686			34,950,817	
353	Public Service		9,198,112	5,197,971			14,396,083		9,198,112	5,197,971			14,396,083	
359	Auxiliary - Intercollegiate Athletics			29,470,143			29,470,143			33,330,128			33,330,128	
----	1% reduction to encourage collaboration							(847,236)					(847,236)	
	Savings from Modernization of Human Resource Systems							(633,728)					(633,728)	
	Savings from More Efficient Technology Services							(22,447)					(22,447)	
	FY 04-05 Health Insurance & Pay Plan Allocation	2,894,086					2,894,086	2,894,086					2,894,086	
356	Institutional Support													
	<b>Total</b>	<b>87,617,771</b>	<b>81,245,634</b>	<b>305,726,000</b>			<b>474,589,405</b>	<b>85,614,360</b>	<b>92,342,286</b>	<b>321,512,970</b>			<b>499,469,616</b>	
<b>University of Charleston</b>														
----	Eliminate funding for contract lobbyists							(7,500)					(7,500)	
380	Scholarships/Fellowships		4,640,000	7,744,147			12,384,147		4,625,445	8,094,627			12,720,072	
367	Instruction-General	1,571,567	1,300,000	4,279,010			7,150,577	1,571,567	1,327,290	5,399,610			8,298,467	
368	Instruction-School of Arts	1,079,893		3,397,399			4,477,292	1,079,893		3,524,109			4,604,002	
369	Instruction-School of Business and Economics	1,411,355		4,440,194			5,851,549	1,411,355		4,605,797			6,017,152	
370	Instruction-School of Education	1,208,498		3,801,995			5,010,493	1,208,498		3,943,795			5,152,293	
371	Instruction-School of Humanities	3,904,278		12,283,061			16,187,339	3,904,278		12,741,173			16,645,451	
372	Instruction-School of Science and Mathematics	3,210,617		10,100,765			13,311,382	3,210,617		10,477,486			13,688,103	
375	Academic Support-Other	1,586,287		4,787,855			6,374,142	1,586,287		4,968,247			6,554,534	
376	Academic Support-Libraries	1,210,365		3,650,596			4,860,961	1,210,365		3,788,164			4,998,529	
377	Student Services	1,443,101		4,828,140			6,271,241	1,443,101		5,005,620			6,448,721	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
381	Hospitality and Tourism	395,000						395,000	395,000					395,000	
382	Avery Center	300,000						300,000	300,000					300,000	
379	Operation/Maintenance of Plant	3,085,418						12,391,383	3,085,418				9,656,649	12,742,067	
373	Research	248,125	3,465,000	2,302,033				6,015,158	248,125	3,454,131			2,472,266	6,174,522	
384	Auxiliary - Residence Halls			9,268,480				9,268,480					10,299,700	10,299,700	
385	Auxiliary - Food Service			5,808,226				5,808,226					6,454,455	6,454,455	
386	Auxiliary - Health Services			889,867				889,867					988,875	988,875	
387	Auxiliary - Other Rentals			68,092				68,092					75,668	75,668	
388	Auxiliary - Vending			86,574				86,574					96,206	96,206	
389	Auxiliary - Bookstore			389,096				389,096					432,387	432,387	
390	Auxiliary - Parking			1,429,975				1,429,975					1,589,076	1,589,076	
374	Public Service	66,653	595,000	568,513				1,230,166	66,653	593,134			603,328	1,263,115	
374	Public Service								(66,653)					(66,653)	
391	Auxiliary - Athletics			5,859,690				5,859,690					6,511,645	6,511,645	
378	Institutional Support	5,166,072		15,581,448				20,747,520	5,166,072				16,168,616	21,334,688	
	Savings from Modernization of Human Resource Systems												(41,678)	(41,678)	
	Savings from More Efficient Technology Services												(74,343)	(74,343)	
383	Governor's School	288,018						288,018							
	FY 04-05 Health Insurance & Pay Plan Allocation	864,276						864,276	864,276					864,276	
	<b>Total</b>	<b>27,039,523</b>	<b>10,000,000</b>	<b>110,871,121</b>				<b>147,910,644</b>	<b>26,561,331</b>	<b>10,000,000</b>	<b>117,897,499</b>			<b>154,458,830</b>	
<b>Coastal Carolina University</b>															
	---- Eliminate funding for contract lobbyists													(20,933)	(20,933)
406	Scholarship & Fellowship			13,379,655				13,379,655					16,212,882	16,212,882	
393	General Instruction			2,566,683				2,566,683					2,566,683	2,566,683	
395	College of Business	2,117,451		2,902,326				5,019,777	2,117,451				2,902,326	5,019,777	
396	College of Education	1,497,525		2,283,689				3,781,214	1,497,525				2,283,689	3,781,214	
397	College of Hum. & Fine Arts	3,614,976		5,291,315				8,906,291	3,614,976				5,291,315	8,906,291	
398	College of Natural Science	4,051,366		5,258,409				9,309,775	4,051,366				5,258,409	9,309,775	
401	Academic Support			3,606,518				3,606,518					3,606,518	3,606,518	
405	Oper. and Maint. Of Plant			11,490,840				11,490,840					20,763,439	20,763,439	
402	Student Services			3,435,406				3,435,406					3,435,406	3,435,406	
408	Food Serve / Vending			263,249				263,249					263,249	263,249	
409	Health Service			131,625				131,625					131,625	131,625	
407	Residence Halls			2,079,671				2,079,671					2,405,538	2,405,538	
399	Research		3,190,128					3,190,128					3,146,829	3,146,829	
400	Public Service		3,597,379					3,597,379		3,146,829			3,597,379	3,597,379	
394	Specific Instruction Program			1,454,453				1,454,453					1,454,453	1,454,453	
392	Book Store														
403	Athletics			5,166,271				5,166,271					5,166,271	5,166,271	
	Savings from Modernization of Human Resource Systems												(25,054)	(25,054)	
	Savings from More Efficient Technology Services												(12,460)	(12,460)	
404	Institutional Support	157,710		6,502,262				6,659,972	157,710				6,502,262	6,659,972	
	FY 04-05 Health Insurance & Pay Plan Allocation	346,681						346,681	346,681					346,681	
	Savings from Implementing Administration Standards for Non-teaching Personnel												(485,921)	(485,921)	
	<b>Total</b>	<b>11,785,709</b>	<b>6,787,507</b>	<b>65,812,372</b>				<b>84,385,588</b>	<b>11,241,341</b>	<b>6,744,208</b>	<b>78,244,065</b>			<b>96,229,614</b>	
<b>Francis Marion University</b>															
417	Scholarships and Fellowships		3,728,197	3,903,233				7,631,430		4,351,871			4,977,925	9,329,796	
423	Instruction - School of Business	1,248,168		909,667				2,157,835	1,248,168				909,667	2,157,835	
424	Instruction - School of Education	799,326		582,547				1,381,873	799,326				582,547	1,381,873	
425	Instruction - College of Liberal Arts	5,129,077		3,305,927				8,435,004	5,129,077				3,305,927	8,435,004	
412	Academic Support	1,080,023		1,988,921				3,068,944	1,080,023				2,002,629	3,082,652	
416	Operation and Maintenance of Plant	1,390,871		4,437,658				5,828,529	1,390,871				4,437,658	5,828,529	
422	Nursing Program	250,000		250,000				500,000	250,000				250,000	500,000	
413	Student Services	753,160		931,875				1,685,035	753,160				931,875	1,685,035	
410	Research		182,833	32,906				215,739		182,833			32,906	215,739	
418	Auxiliary Enterprises - Dining Services			250,630				250,630					250,630	250,630	
419	Auxiliary Enterprises - Bookstore			60,088				60,088					60,088	60,088	
420	Auxiliary Enterprises - Housing			2,324,714				2,324,714					1,778,072	1,778,072	
411	Public Service	16,914	72,200	272,238				361,352	16,914	72,200			272,238	361,352	
411	Public Service								(16,914)					(16,914)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
414	Athletics	370,202		943,256				1,313,458	370,202		943,256			1,313,458	
414	Savings from Phasing Out General Fund Support of Intercollegiate Athletics over 3 years								(122,167)					(122,167)	
415	Institutional Support	1,697,980		1,614,588				3,312,568	1,697,980		1,614,588			3,312,568	
	Savings from Modernization of Human Resource Systems								(15,357)					(15,357)	
	Savings from More Efficient Technology Services								(5,640)					(5,640)	
415	Savings from Implementing Administration Standards for Non-teaching Personnel								(265,542)					(265,542)	
	FY 04-05 Health Insurance & Pay Plan Allocation	399,779						399,779	399,779					399,779	
421	Omega Project	56,147						56,147							
	<b>Total</b>	<b>13,191,647</b>	<b>3,983,230</b>	<b>21,808,248</b>				<b>38,983,125</b>	<b>12,709,880</b>	<b>4,606,904</b>	<b>22,350,006</b>			<b>39,666,790</b>	
<b>Lander University</b>															
438	Scholarships and Fellowships			1,030,609				1,030,609			1,030,609			1,030,609	
427	A. College of Business & Public Affairs	749,374	32,870	1,339,661				2,121,905	749,374	32,870	1,339,661			2,121,905	
428	B. Coll of Science, Math & Natural Sciences	987,915	32,870	1,811,862				2,832,647	987,915	32,870	1,811,862			2,832,647	
429	C. College of Arts and Humanities	1,102,039	32,869	2,037,775				3,172,683	1,102,039	32,869	2,037,775			3,172,683	
430	D. College of Education	703,825	32,870	1,249,495				1,986,190	703,825	32,870	1,249,495			1,986,190	
431	E. Instruction - Other	43,397		85,907				129,304	43,397		85,907			129,304	
433	Academic Support	1,341,893	32,869	2,656,324				4,031,086	1,341,893	28,881	2,536,368			3,907,142	
434	Student Services	663,068	32,869	1,312,566				2,008,503	663,068	32,869	1,312,566			2,008,503	
440	B. Book Store			1,261,110				1,261,110			1,261,110			1,261,110	
	D. Academic Initiative (Accreditation of Business School Complete)	575,000						575,000							
426	<b>Redirect 1/2 of funds from Academic Initiative for Operating Expenses</b>								<b>287,500</b>					<b>287,500</b>	
437	Operation & Maintenance of Plant	1,334,571	32,869	2,641,829				4,009,269	1,334,571	32,869	2,641,829			4,009,269	
439	A. Food Services			1,417,097				1,417,097			1,417,097			1,417,097	
441	C. Residence Halls		22,224	2,510,721				2,532,945		22,224	2,510,721			2,532,945	
432	Public Service			73,546				73,546			73,546			73,546	
435	Intercollegiate Athletics	488,600	32,869	967,201				1,488,670	488,600	32,869	967,201			1,488,670	
	Savings from Phasing Out General Fund Support of Intercollegiate Athletics over 3 years								(161,238)					(161,238)	
436	Institutional Support	1,029,614	32,869	2,647,233				3,709,716	1,029,614	96,384	3,826,911			4,952,909	
	FY 04-05 Health Insurance & Pay Plan Allocation	266,109						266,109	266,109					266,109	
	Savings from Modernization of Human Resource Systems								(11,359)					(11,359)	
	Savings from More Efficient Technology Services								(3,015)					(3,015)	
	Savings from Implementing Administration Standards for Non-teaching Personnel								(228,147)					(228,147)	
	<b>Total</b>	<b>9,285,405</b>	<b>318,048</b>	<b>23,042,936</b>				<b>32,646,389</b>	<b>8,594,146</b>	<b>377,575</b>	<b>24,102,658</b>			<b>33,074,379</b>	
<b>South Carolina State University</b>															
----	Eliminate funding for contract lobbyists								(17,175)					(17,175)	
445	Instruction	11,680,000		6,260,000				17,940,000	11,680,000		11,564,010			23,244,010	
444	Bookstore			1,693,891				1,693,891			3,246,428			3,246,428	
449	Student Services	1,612,749		4,103,447				5,716,196	1,612,749		4,103,447			5,716,196	
450	Residential Life														
456	Felton Laboratory			735,000				735,000			735,000			735,000	
442	Food Services			3,510,000				3,510,000			6,071,328			6,071,328	
443	Housing			4,413,000				4,413,000			7,590,242			7,590,242	
448	Libraries	710,862						710,862	710,862					710,862	
451	Oper.&Maint. of Plant & Deferred Maint.	2,342,953		4,351,199			5,500,000	12,194,152	2,342,953		4,351,199		3,000,000	9,694,152	
446	Research/Grants	351,001	26,975,307					27,326,308	351,001	30,526,411				30,877,412	
447	Public Service	65,250						65,250			65,250			65,250	
453	Access and Equity			100,000				100,000			100,000			100,000	
454	School of Business Accreditation			410,635				410,635			410,635			410,635	
455	Transportation			410,635				410,635			410,635			410,635	
452	Administration	2,821,063		1,958,478				4,779,541	2,821,063		1,942,502			4,763,565	
----	CHE Program Productivity Study								(47,432)					(47,432)	
	Savings from Modernization of Human Resource Systems								(23,273)					(23,273)	
	Savings from More Efficient Technology Services								(55,089)					(55,089)	
	FY 04-05 Health Insurance & Pay Plan Allocation	626,293						626,293	626,293					626,293	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
452	Savings from Implementing Administration Standards for Non-teaching Personnel								(270,286)					(270,286)	
	<b>Total</b>	<b>20,210,171</b>	<b>26,975,307</b>	<b>27,946,285</b>			<b>5,500,000</b>	<b>80,631,763</b>	<b>19,796,916</b>	<b>30,526,411</b>	<b>40,525,426</b>		<b>3,000,000</b>	<b>93,848,753</b>	
<b>USC - Columbia</b>															
----	Eliminate funding for contract lobbyists								(15,709)					(15,709)	
463	Scholarships		36,754,027	25,057,927				61,811,954		38,652,243	25,057,927			63,710,170	
457	School of Medicine	19,923,561	9,823,738	22,453,557				52,200,856	19,923,561	7,953,232	27,903,400			55,780,193	
465	Instruction: Arts and Sciences	36,839,735	1,020,946	58,774,005				96,634,686	36,839,735	1,518,137	67,901,797			106,259,669	
466	Instr: Bus. & Hospitality, Retail, & Sports Mgt	12,468,040		18,936,371				31,404,411	12,468,040		21,877,251			34,345,291	
467	Instruction: Education	3,524,045		5,629,620				9,153,665	3,524,045		6,503,918			10,027,963	
468	Instr: Engineering & Info. Technology	5,838,617		8,602,270				14,440,887	5,838,617		9,938,230			15,776,847	
469	Instruction: Law School	3,109,905		4,530,401				7,640,306	3,109,905		5,233,987			8,343,892	
470	Instr: Mass Comm. & Library Science	2,056,212		3,138,427				5,194,639	2,056,212		3,625,834			5,682,046	
471	Instr: Public Hlth incl. Public Hlth, Pharm., Nurs, & Social Work	8,155,567		12,632,899				20,788,466	8,155,567		14,594,830			22,750,397	
458	Research	3,721,361	47,984,424	36,486,059				88,191,844	3,721,361	45,038,892	53,537,420			102,297,673	
460	Academic Support	14,431,300		24,559,506				38,990,806	14,431,300		28,373,676			42,804,976	
462	Operations & Maintenance	12,581,723		21,133,889				33,715,612	12,581,723		24,416,050			36,997,773	
461	Student Services	6,095,326	1,020,945	15,360,803				22,477,074	6,095,326	420,945	17,746,385			24,262,656	
464	Instit for Public Serv & Policy Research	716,454						716,454	716,454					716,454	
472	African American Professors Program	178,805						178,805	178,805					178,805	
474	Small Business Development Center	686,534						686,534	686,534					686,534	
475	Law School Books and Publications	344,074						344,074	344,074					344,074	
473	USC NanoCenter	1,000,000						1,000,000			1,000,000			1,000,000	
481	Auxiliary: Other		2,859,937					2,859,937			2,859,937			2,859,937	
478	Auxiliary: Housing		16,239,145					16,239,145			21,358,760			21,358,760	
479	Auxiliary: Student Health Services		5,760,855					5,760,855			8,282,457			8,282,457	
480	Auxiliary: Bookstore		270,333					270,333			270,333			270,333	
459	Public Service	642,425	15,314,178	11,453,206				27,409,809	642,425	22,671,726	13,231,926			36,546,077	
477	Auxiliary: Athletics			36,681,685				36,681,685			36,681,685			36,681,685	
----	CHE Program Productivity Study								(58,423)					(58,423)	
----	Consolidate Institute for Archeology & Anthropology with Dept of Archives & History								(496,812)					(496,812)	
----	1% reduction to encourage collaboration								(1,473,658)					(1,473,658)	
	Savings from Modernization of Human Resource Systems								(201,977)					(201,977)	
	Savings from More Efficient Technology Services								(70,514)					(70,514)	
	FY 04-05 Health Insurance & Pay Plan Allocation	4,813,870						4,813,870	4,813,870					4,813,870	
476	Institutional Support	15,052,125		24,282,754				39,334,879	15,052,125		28,053,944			43,106,069	
	<b>Total</b>	<b>152,179,679</b>	<b>111,918,258</b>	<b>354,843,649</b>				<b>618,941,586</b>	<b>148,862,586</b>	<b>116,255,175</b>	<b>418,449,747</b>			<b>683,567,508</b>	
<b>USC - Aiken</b>															
495	Scholarships		3,389,543	5,306,933				8,696,476		3,649,771	5,306,933			8,956,704	
482	Instruction: Arts and Sciences	3,456,936	257,434	5,992,304				9,706,674	3,456,936	244,078	7,430,160			11,131,174	
483	Instr: Bus & Hospitality, Retail, & Sports Mgt	708,752		1,102,489				1,811,241	708,752		1,367,031			2,075,783	
484	Instruction: Education	634,501		936,826				1,571,327	634,501		1,161,618			1,796,119	
485	Instr: Public Hlth incl. Public Hlth, Pharm., Nurs, & Social Work	621,554		915,096				1,536,650	621,554		1,134,672			1,756,226	
492	Academic Support	853,919		1,913,141				2,767,060	853,919		2,372,199			3,226,118	
493	Student Services	1,077,496		2,875,448				3,952,944	1,077,496		3,565,412			4,642,908	
494	Operations & Maintenance - Security	938,021		1,433,745				2,371,766	938,021		1,777,772			2,715,793	
490	Research		171,622	223,672				395,294		157,108	790,856			947,964	
487	Auxiliary: Bookstore			1,751,286				1,751,286			1,749,886			1,749,886	
488	Auxiliary: Housing			547,664				547,664			547,664			547,664	
489	Auxiliary: Other			72,816				72,816			72,816			72,816	
491	Public Service		471,962	1,109,216				1,581,178		188,684	1,375,372			1,564,056	
	FY 04-05 Health Insurance & Pay Plan Allocation	300,558						300,558	300,558					300,558	
486	Institutional Support	987,181		1,779,879				2,767,060	987,181		2,206,961			3,194,142	
	<b>Total</b>	<b>9,578,918</b>	<b>4,290,561</b>	<b>25,960,515</b>				<b>39,829,994</b>	<b>9,578,918</b>	<b>4,239,641</b>	<b>30,859,352</b>			<b>44,677,911</b>	
<b>USC - Upstate</b>															
501	Scholarships		4,867,462	6,746,900				11,614,362		6,370,801	6,746,900			13,117,701	
502	Instruction: Arts and Sciences	3,596,456	64,900	7,018,803				10,680,159	3,596,456	7,172	8,714,784			12,318,412	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	
503	Instr: Bus & Hospitality, Retail, & Sports Mgt	621,011		1,165,222			1,786,233	621,011		1,446,780			2,067,791	
504	Instruction: Education	702,826		1,343,066			2,045,892	702,826		1,667,597			2,370,423	
505	Instr: Public Hlth incl Public Hlth, Pharm., Nurs, & Social Work	827,907		1,553,426			2,381,333	827,907		1,928,786			2,756,693	
498	Academic Support	999,815		2,695,663			3,695,478	999,815		3,347,027			4,346,842	
499	Student Services	948,419		3,274,985			4,223,404	948,419		4,066,334			5,014,753	
500	Operations & Maintenance	1,336,277		3,415,053			4,751,330	1,336,277		4,240,247			5,576,524	
496	Research		454,296	601,555			1,055,851		477,738	2,005,334			2,483,072	
507	Auxiliary: Bookstore			2,277,295			2,277,295			2,216,642			2,216,642	
508	Auxiliary: Housing			740,000			740,000			740,000			740,000	
509	Auxiliary: Other			150,258			150,258			150,258			150,258	
497	Public Service	28,247	1,103,291	1,508,089			2,639,627	28,247	1,802,971	1,872,495			3,703,713	
----	CHE Program Productivity Study							(42,461)					(42,461)	
	Savings from More Efficient Technology Services							(5,055)					(5,055)	
	FY 04-05 Health Insurance & Pay Plan Allocation	345,939					345,939	345,939					345,939	
506	Institutional Support	1,368,185		3,383,145			4,751,330	1,368,185		4,200,629			5,568,814	
	<b>Total</b>	<b>10,775,082</b>	<b>6,489,949</b>	<b>35,873,460</b>			<b>53,138,491</b>	<b>10,727,566</b>	<b>8,658,682</b>	<b>43,343,813</b>			<b>62,730,061</b>	
<b>USC - Beaufort</b>														
516	Scholarships		661,775	656,084			1,317,859			699,866	656,084		1,355,950	
510	Instruction	808,587	23,220	2,820,402			3,652,209	808,587	20,596	3,291,921			4,121,104	
513	Academic Support	259,392		922,554			1,181,946	259,392		1,076,788			1,336,180	
515	Operations & Maintenance - Bldg & Grounds, Security	261,182		810,742			1,071,924	261,182		946,284			1,207,466	
514	Student Services	186,047		674,169			860,216	186,047		786,878			972,925	
518	Penn Center	180,240					180,240	180,240					180,240	
511	Research	23,255		84,843			108,098	23,255		99,027			122,282	
517	Auxiliary: Bookstore			549,108			549,108			745,649			745,649	
512	Public Service	35,778	476,013	582,364			1,094,155	35,778	452,382	1,420,019			1,908,179	
512	Public Service							(35,778)					(35,778)	
	FY 04-05 Health Insurance & Pay Plan Allocation	57,065					57,065	57,065					57,065	
519	Institutional Support	214,669		751,731			966,400	214,669		877,408			1,092,077	
	<b>Total</b>	<b>2,026,215</b>	<b>1,161,008</b>	<b>7,851,997</b>			<b>11,039,220</b>	<b>1,990,437</b>	<b>1,172,844</b>	<b>9,900,058</b>			<b>13,063,339</b>	
<b>USC - Lancaster</b>														
526	Scholarships		923,126	910,023			1,833,149			1,033,400	910,023		1,943,423	
520	Instruction: Arts & Sciences	1,171,342	64,106	1,789,249			3,024,697	1,171,342	83,320	2,165,223			3,419,885	
523	Academic Support	230,999		318,945			549,944	230,999		385,964			616,963	
524	Student Services	250,521		391,081			641,602	250,521		473,258			723,779	
525	Operations & Maintenance	340,895		484,022			824,917	340,895		585,728			926,623	
521	Research								2,021				2,021	
527	Auxiliary: Bookstore			366,630			366,630			422,629			422,629	
522	Public Service		294,887	896,659			1,191,546		261,790	1,505,427			1,767,217	
	FY 04-05 Health Insurance & Pay Plan Allocation	69,873					69,873	69,873					69,873	
528	Institutional Support	303,310		429,949			733,259	303,310		520,293			823,603	
	<b>Total</b>	<b>2,366,940</b>	<b>1,282,119</b>	<b>5,586,558</b>			<b>9,235,617</b>	<b>2,366,940</b>	<b>1,380,531</b>	<b>6,968,545</b>			<b>10,716,016</b>	
<b>USC - Salkehatchie</b>														
535	Scholarships		1,282,083	507,832			1,789,915			1,382,335	507,832		1,890,167	
529	Instruction: Arts & Sciences	925,434	76,314	1,201,224			2,202,972	925,434	98,140	1,317,752			2,341,326	
532	Academic Support	252,174		298,569			550,743	252,174		327,532			579,706	
534	Operations & Maintenance	304,162		384,267			688,429	304,162		421,542			725,704	
533	Student Services	179,105		233,953			413,058	179,105		256,647			435,752	
530	Research		30,526	38,317			68,843		47,958	42,034			89,992	
536	Auxiliary: Bookstore			206,529			206,529			167,171			167,171	
538	Institutional Support	242,264		308,478			550,742	242,264		338,402			580,666	
531	Public Service	5,374	137,366	169,857			312,597		74,436	386,457			460,893	
537	Leadership Center	100,460					100,460							
----	3 year phase-out							(669,657)					(669,657)	
	FY 04-05 Health Insurance & Pay Plan Allocation	57,071					57,071	57,071					57,071	
	<b>Total</b>	<b>2,066,044</b>	<b>1,526,289</b>	<b>3,349,026</b>			<b>6,941,359</b>	<b>1,290,553</b>	<b>1,602,869</b>	<b>3,765,369</b>			<b>6,658,791</b>	
<b>USC - Sumter</b>														
544	Scholarships		1,089,451	992,252			2,081,703			1,125,568	992,252		2,117,820	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
	3% reduction to encourage collaboration							(110,622)						(110,622)	
539	Instruction: Arts & Sciences	1,693,872	53,800	1,867,917			3,615,589	1,693,872	62,442	2,170,477				3,926,791	
541	Academic Support	582,694	67,250	993,505			1,643,449	582,694	67,250	1,154,431				1,804,375	
542	Student Services	419,188		457,318			876,506	419,188		531,393				950,581	
543	Operations & Maintenance	492,711		493,358			986,069	492,711		573,271				1,065,982	
545	Auxiliary: Bookstore			438,253			438,253			377,563				377,563	
540	Public Service	18,289	134,500	175,901			328,690	18,289	114,068	562,819				695,176	
540	Public Service							(18,289)						(18,289)	
546	Institutional Support	480,642		505,430			986,072	480,642		587,299				1,067,941	
	FY 04-05 Health Insurance & Pay Plan Allocation	119,524					119,524	119,524						119,524	
	<b>Total</b>	<b>3,806,920</b>	<b>1,345,001</b>	<b>5,923,934</b>			<b>11,075,855</b>	<b>3,678,009</b>	<b>1,369,328</b>	<b>6,949,505</b>				<b>11,996,842</b>	
<b>USC - Union</b>															
552	Scholarships		464,607	246,463			711,070			437,426	246,463			683,889	
547	Instruction: Arts & Sciences	441,985	32,719	503,018			977,722	441,985	39,257	603,519				1,084,761	
549	Academic Support	104,082		132,942			237,024	104,082		159,503				263,585	
551	Operations & Maintenance	82,083		66,056			148,139	82,083		79,253				161,336	
550	Student Services	101,960		105,436			207,396	101,960		126,502				228,462	
553	Auxiliary: Bookstore			118,512			118,512			116,154				116,154	
548	Public Service		157,050	79,973			237,023		164,278	231,671				395,949	
----	3 year phase-out							(292,892)						(292,892)	
	FY 04-05 Health Insurance & Pay Plan Allocation	28,852					28,852	28,852						28,852	
554	Institutional Support	157,444		168,462			325,906	157,444		202,121				359,565	
	<b>Total</b>	<b>916,406</b>	<b>654,376</b>	<b>1,420,862</b>			<b>2,991,644</b>	<b>623,514</b>	<b>640,961</b>	<b>1,765,186</b>				<b>3,029,661</b>	
<b>Winthrop University</b>															
----	Eliminate funding for contract lobbyists							(20,833)						(20,833)	
565	Scholarships and Fellowships		3,991,255	15,827,545			19,818,800		3,991,255	15,827,545				19,818,800	
555	Instruction- General	566,961	188,961	589,782			1,345,704	566,961	171,573	589,782				1,328,316	
556	Instruction- College of Arts and Sciences	5,399,021		5,616,330			11,015,351	5,399,021		5,616,330				11,015,351	
557	Instruction- College of Education	2,280,731		2,372,531			4,653,262	2,280,731		2,372,531				4,653,262	
558	Instruction- College of Business	2,525,555		2,627,209			5,152,764	2,525,555		2,627,209				5,152,764	
559	Instr- Coll of Visual and Performing Arts	2,113,220		2,198,277			4,311,497	2,113,220		2,198,277				4,311,497	
567	Student Direct Lending Program		15,600,000				15,600,000		18,325,475					18,325,475	
562	Academic Support	1,504,593		4,948,505			6,453,098	1,504,593		4,948,505				6,453,098	
563	Student Services	1,060,931		5,976,295			7,037,226	1,060,931		5,976,295				7,037,226	
566	Operation and Maintenance of Plant	2,411,207		6,320,372			8,731,579	2,411,207		10,539,148				12,950,355	
568	Cntr for Educ, Recruit. Retent & Adv. Teaching Fellows Prog			5,575,000			5,575,000			5,575,000				5,575,000	
560	Research		500	419,115			419,615		500	419,115				419,615	
569	Auxiliary Services- Housing			5,670,000			5,670,000			5,720,000				5,720,000	
570	Auxiliary Services- Health Center			1,100,000			1,100,000			1,100,000				1,100,000	
571	Auxiliary Services- Cafeteria			3,450,000			3,450,000			3,450,000				3,450,000	
572	Auxiliary Services- Bookstore and Vending			530,000			530,000			530,000				530,000	
561	Public Service		512,446	3,632,340			4,144,786		404,265	3,632,340				4,036,605	
----	CHE Program Productivity Study							(45,908)						(45,908)	
	Savings from Modernization of Human Resource Systems							(27,112)						(27,112)	
	Savings from More Efficient Technology Services							(7,951)						(7,951)	
	FY 04-05 Health Insurance & Pay Plan Allocation	674,177					674,177	674,177						674,177	
564	Institutional Support Services	1,427,433		2,999,332			4,426,765	1,427,433		3,433,083				4,860,516	
	<b>Total</b>	<b>19,963,829</b>	<b>20,293,162</b>	<b>69,852,633</b>			<b>110,109,624</b>	<b>19,862,025</b>	<b>22,893,068</b>	<b>74,555,160</b>				<b>117,310,253</b>	
<b>Medical University of S Carolina</b>															
592	Scholarships & Fellowships			2,710,129			2,710,129			2,710,129				2,710,129	
----	Hollings Cancer Research Center									1,000,000				1,000,000	
588	Public Service - Diabetes Center	289,088					289,088	289,088						289,088	
573	Instruction: College of Medicine	16,149,692	124,138	41,370,702			57,644,532	16,149,692	124,138	80,945,702				97,219,532	
574	Instruction: College of Pharmacy	1,078,243	8,288	2,762,139			3,848,670	1,078,243	8,288	2,762,139				3,848,670	
575	Instruction: College of Nursing	1,222,010	9,393	3,130,425			4,361,828	1,222,010	9,393	3,130,425				4,361,828	
576	Instruction: College of Graduate Studies	95,844	737	245,524			342,105	95,844	737	245,524				342,105	
577	Instruction: College of Dental Medicine	2,827,394	21,733	7,242,943			10,092,070	2,827,394	21,733	7,492,943				10,342,070	
578	Instruction: College of Health Professions	2,587,785	19,892	6,629,134			9,236,811	2,587,785	19,892	14,009,134				16,616,811	
579	Instruction: College of Medicine		3,555,902	515,424			4,071,326		3,555,902	515,424				4,071,326	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
580	Instruction: College of Pharmacy		237,412	34,413			271,825		237,412	34,413			271,825		
581	Instruction: College of Nursing		269,067	39,001			308,068		269,067	39,001			308,068		
582	Instruction: College of Graduate Studies		21,103	3,059			24,162		21,103	3,059			24,162		
583	Instruction: College of Dental Medicine		622,547	90,238			712,785		622,547	90,238			712,785		
584	Instruction: College of Health Professions		569,788	82,590			652,378		569,788	82,590			652,378		
585	Instruction - Coll. Of Nursing - FMU	488,031					488,031	488,031					488,031		
586	Research	6,813,655	139,620,000	28,530,756			174,964,411	6,813,655	153,620,000	28,530,756			188,964,411		
591	Operation & Maint of Plant	13,547,147		34,796,733			48,343,880	13,547,147		34,796,733			48,343,880		
590	Student Services	1,923,856		4,966,603			6,890,459	1,923,856		4,966,603			6,890,459		
593	Auxiliary (Parking)			5,438,943			5,438,943			5,438,943			5,438,943		
587	Public Service	4,921,354	9,984,000	14,326,871			29,232,225	4,921,354	9,984,000	14,326,871			29,232,225		
----	1% reduction to encourage collaboration							(801,866)					(801,866)		
	Savings from Modernization of Human Resource Systems							(104,768)					(104,768)		
	Savings from More Efficient Technology Services							(258,219)					(258,219)		
	FY 04-05 Health Insurance & Pay Plan Allocation	2,580,966					2,580,966	2,580,966					2,580,966		
589	Administration	28,216,549	936,000	72,464,373			101,616,922	28,216,549	936,000	72,864,373			102,016,922		
	<b>Total</b>	<b>82,741,614</b>	<b>156,000,000</b>	<b>225,380,000</b>			<b>464,121,614</b>	<b>81,576,761</b>	<b>170,000,000</b>	<b>273,985,000</b>			<b>525,561,761</b>		
<b>Area Health Education Consortium</b>															
601	Recruitment - Rural Physician Program	689,845					689,845	689,845					689,845		
608	Instruction-Family Medicine Residency	6,173,845					6,173,845	6,173,845					6,173,845		
	Recruitment-Ntl Hlth Services Corps Loan Repayment		320,000				320,000		320,000				320,000		
604	Instruction		1,091,093				1,091,093		1,000,802				1,000,802		
594	Instruction-Continuing Education	1,263,285					1,263,285	1,263,285					1,263,285		
600	Recruitment - Rural Physician Program	71,643					71,643	71,643					71,643		
602	Recruitment - Nursing Recruitment Center	37,955					37,955	37,955					37,955		
609	Instruct.-Graduate Doctor Educ Residency Trng Prog (excluding Family Medicine Residency Training Prog)	4,111,923					4,111,923	4,111,923					4,111,923		
605	Instruction	71,143	470,284				541,427	71,143	336,122				407,265		
607	Miscellaneous Federal Grant Opportunities		490,050				490,050		640,050				640,050		
595	Health Professions Student Programs	590,171					590,171	590,171					590,171		
599	Recruitment - Palmetto Initiative for Excellence (PIE)	74,440					74,440	74,440					74,440		
597	Regional Center Administration	367,129					367,129	367,129					367,129		
598	Miscellaneous Other Funds			1,928,933			1,928,933			1,088,933			1,088,933		
610	System Wide Administration/Coordination	499,119					499,119	499,119					499,119		
596	Student Development and Diversity Programs	471,096					471,096								
	Library Information Service - Savings from Activity Funded with Other Funds	118,933		66,067			185,000			66,067			66,067		
	FY 04-05 Health Insurance & Pay Plan Allocation	118,853					118,853	118,853					118,853		
	<b>Total</b>	<b>14,659,380</b>	<b>2,371,427</b>	<b>1,995,000</b>			<b>19,025,807</b>	<b>14,069,351</b>	<b>2,296,974</b>	<b>1,155,000</b>			<b>17,521,325</b>		
<b>Technical &amp; Comp. Education</b>															
----	Eliminate funding for contract lobbyists							(38,180)					(38,180)		
674	Scholarships		628,232	1,532,024			2,160,256		628,232	1,532,024			2,160,256		
661	Center for Accelerated Technology Training	1,874,103					1,874,103	1,874,103					1,874,103		
611	Instr: Agriculture, Agriculture Op, & Related Sci.	800,296	81,500	380,893			1,262,689	800,296	81,500	380,893			1,262,689		
612	Instr: Ntl Res & Conservation (CIP 03)	143,556		41,053			184,609	143,556		41,053			184,609		
613	Instr: Commun, Journalism, & Related Prog	94,514		91,060			185,574	94,514		91,060			185,574		
614	Instr: Commun Tech/Technicians & Support Serv	486,646		980,072			1,466,718	486,646		980,072			1,466,718		
615	Instr: Computer & Info Sci & Support Serv	5,766,235	701,841	4,133,752			10,601,828	5,766,235	701,841	4,133,752			10,601,828		
616	Instr: Personal & Culinary Services	1,042,677	89,901	964,186			2,096,764	1,042,677	89,901	964,186			2,096,764		
617	Instr: Engineering (CIP 14)	385,338		364,117			749,455	385,338		364,117			749,455		
618	Instr: Engineering Tech/Technicians	4,608,332	619,161	2,938,188			8,165,681	4,608,332	619,161	2,938,188			8,165,681		
619	Instr: Foreign Lang, Literatures, & Linguistics	662,942	4,829	580,202			1,247,973	662,942	4,829	580,202			1,247,973		
620	Instr: Family & Consumer Sci/Human Sci	1,445,608	256,351	1,956,171			3,658,130	1,445,608	256,351	1,956,171			3,658,130		
621	Instr: Legal Professions and Studies	756,863	12,270	480,755			1,249,888	756,863	12,270	480,755			1,249,888		
622	Instr: English Lang & Literature/Letters	7,924,257	297,384	5,783,979			14,005,620	7,924,257	297,384	5,783,979			14,005,620		
623	Instr: Liberal Arts & Sci., Gen. Studies & Humanities	1,226,493	629	463,110			1,690,232	1,226,493		463,110			1,690,232		
624	Instr: Biological & Biomedical Sciences	4,680,417	77,651	3,228,620			7,986,688	4,680,417	77,651	3,228,620			7,986,688		
625	Instr: Mathematics & Statistics	7,008,438	211,308	4,674,948			11,894,694	7,008,438	211,308	4,674,948			11,894,694		
626	Instr: Multi/Interdisciplinary Studies	83,213		119,573			202,786	83,213		119,573			202,786		

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
627	Instr: Parks, Recr, Leisure & Fitness Studies	13,110		3,500				16,610	13,110		3,500			16,610	
628	Instr: Basic Skills	3,999,626	152,402	3,425,373				7,577,401	3,999,626	152,402	3,425,373			7,577,401	
629	Instr: Interpersonal & Social Skills	739,892	35,640	427,778				1,203,310	739,892	35,640	427,778			1,203,310	
630	Instr: Philosophy & Religion Studies	332,838	5,000	262,635				600,473	332,838	5,000	262,635			600,473	
631	Instr: Physical Sciences	1,778,688	102,052	1,584,794				3,465,534	1,778,688	102,052	1,584,794			3,465,534	
632	Instr: Science Technologies/Technicians	33,481		43,948				77,429	33,481		43,948			77,429	
633	Instr: Psychology	1,777,993	28,819	1,645,265				3,452,077	1,777,993	28,819	1,645,265			3,452,077	
634	Instr: Security & Protective Services	1,150,773	43,320	659,082				1,853,175	1,150,773	43,320	659,082			1,853,175	
635	Instr: Public Admin & Social Serv Professions	707,267	24,022	700,687				1,431,976	707,267	24,022	700,687			1,431,976	
636	Instr: Social Sciences	3,604,085	136,411	2,422,187				6,162,683	3,604,085	136,411	2,422,187			6,162,683	
638	Instr: Mechanic & Repair Tech/Technicians	3,595,568	266,022	2,968,453				6,830,043	3,595,568	266,022	2,968,453			6,830,043	
646	Midlands Tech Nursing Program	613,590						613,590	613,590					613,590	
656	Innovative Technical Training	552,569						552,569	552,569					552,569	
662	Instr: Precision Production	2,591,410	59,081	2,252,935				4,903,426	2,591,410	59,081	2,252,935			4,903,426	
663	Instr: Transp & Materials Moving	502,237	5,000	616,541				1,123,778	502,237	5,000	616,541			1,123,778	
664	Instr: Visual & Performing Arts	1,109,092	22,823	824,256				1,956,171	1,109,092	22,823	824,256			1,956,171	
665	Instr: Hlth Professions & Related Clinical Sci.	16,944,307	219,753	13,887,578				31,051,638	16,944,307	219,753	13,887,578			31,051,638	
666	Instr: Business, Mgmt, Mktg, & Related Support Serv	7,200,119	321,138	8,310,917				15,832,174	7,200,119	321,138	8,310,917			15,832,174	
647	Pathways to Prosperity	1,000,000						1,000,000	1,000,000					1,000,000	
669	Academic Support - Library	2,124,050	695,207	5,053,264				7,872,521	2,124,050	695,207	5,053,264			7,872,521	
670	Academic Support - Other	10,366,317	4,806,885	24,456,226				39,629,428	10,366,317	6,454,407	25,246,497			42,067,221	
660	Multi Media	228,694						228,694	228,694					228,694	
667	Occupational Upgrading	5,356,566	143,433	15,454,114				20,954,113	5,356,566	143,433	15,454,114			20,954,113	
643	Sales & Services of Education Departments			89,051				89,051			89,051			89,051	
644	F. E. Dubose Career Center			1,672,347				1,672,347			1,672,347			1,672,347	
658	Support Unit and Warehouse	449,323						449,323	449,323					449,323	
668	Community Service Programs		45,048	1,686,459				1,731,507		45,048	1,686,459			1,731,507	
653	Academic Affairs	829,374	330,000					1,159,374	829,374	330,000				1,159,374	
671	Student Services	9,014,649	11,816,647	22,758,912				43,590,208	9,014,649	11,816,647	22,758,912			43,590,208	
673	Operation and Maintenance of Plant	2,325,173	843,000	43,560,926				46,729,099	2,325,173	1,051,689	64,308,200			67,685,062	
639	Auxiliary Enterprises - Food Services			892,806				892,806			892,806			892,806	
640	Auxiliary Enterprises - Bookstores		56,377	32,324,065				32,380,442		56,377	32,324,065			32,380,442	
641	Auxiliary Enterprises - Residence Halls			376,403				376,403			376,403			376,403	
642	Auxiliary Enterprise - Vending			59,199				59,199			59,199			59,199	
649	Trident Technical College Culinary Arts	775,000						775,000	775,000					775,000	
649	Trident Technical College Culinary Arts							(775,000)			(775,000)			(775,000)	
650	System Office President's Office	828,168						828,168	828,168					828,168	
651	Human Resource Services (HRS)	390,466						390,466	390,466					390,466	
652	Finance and General Administration	1,423,484						1,423,484	1,423,484					1,423,484	
654	Audits of Colleges	266,987						266,987	266,987					266,987	
655	Data Processing Support	1,901,057						1,901,057	1,901,057					1,901,057	
657	Economic Development - Administration	2,422,793						2,422,793	2,422,793					2,422,793	
659	Inventory Control	116,521		1,300,000				1,416,521	116,521		500,000			616,521	
645	Missing and Exploited Children	94,050						94,050	94,050					94,050	
672	Institutional Support	16,528,614	4,845,979	46,427,276				67,801,869	16,528,614	4,866,911	46,427,276			67,822,801	
672	Savings from Implementing Administration Standards for Non-teaching Personnel								(1,360,352)					(1,360,352)	
	Savings from Modernization of Human Resource Systems								(696,024)					(696,024)	
	Savings from More Efficient Technology Services								(124,829)					(124,829)	
648	Florence-Darlington - Entrepreneurial Operating Equipment	500,000						500,000						500,000	
637	Instr: Construction Trades	26,024		623				26,647			623			26,647	
	FY 04-05 Health Insurance & Pay Plan Allocation	4,298,762						4,298,762	4,298,762					4,298,762	
	<b>Total</b>	<b>147,502,645</b>	<b>27,985,116</b>	<b>264,860,303</b>				<b>440,348,064</b>	<b>143,982,236</b>	<b>29,862,259</b>	<b>285,597,848</b>			<b>459,442,343</b>	
<b>State Department of Education</b>															
	<b>New Recurring Funding for the Base Student Cost</b>								<b>33,603,754</b>					<b>33,603,754</b>	
	<b>Cost Savings Redirected to Base Student Cost</b>								<b>4,683,951</b>					<b>4,683,951</b>	
735	Arts Scholarship - Archibald Rutledge Scholarship	15,963						15,963						15,963	
799	FIRST STEPS - EARLY EDUCATION	4,048,040		393,536				4,441,576	4,048,040		393,536		880,000	5,321,576	
686	Teacher Salary Supplement						220,402,230	220,402,230	12,182,841				253,018,714	265,201,555	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
<b>687</b>	<b>Teacher Salary Supplement Employer Contributions</b>					<b>41,105,016</b>	<b>41,105,016</b>	<b>2,636,751</b>				<b>46,690,738</b>	<b>49,327,489</b>		
715	Academic/Instruct Assist to Migrant Children Title I, Part C, of NCLB Migrant		371,552				371,552					371,552	371,552		
716	Academic/Instruct Assist to Neglected & Delinquent Childrn Title I, Part D, of NCLB Neglected and Delinquent		1,256,899				1,256,899					1,589,637	1,589,637		
717	Compr School Reform-CSR Title I, Part F & Fund for Imprvmt, NCLB		3,569,299				3,569,299					3,569,299	3,569,299		
<b>718</b>	<b>Charter School Program</b>	<b>27,167</b>	<b>2,577,831</b>				<b>2,604,998</b>	<b>330,467</b>				<b>2,577,831</b>	<b>2,908,298</b>		
732	Innovative Programs (Title V of NCLB)		4,454,498				4,454,498					4,714,721	4,714,721		
739	Services to Students with Disabilities - Special Needs-Special Education	200,243	125,423,797				125,624,040					152,674,248	152,874,491		
747	Teacher Quality - Title II A of the No Child Left Behind Act		15,535,420				15,535,420					35,448,607	35,448,607		
749	School Transportation System	29,938,391		6,421,144			36,359,535					6,421,144	36,359,535		
749	School Trans. System - Facility Repairs & Renov.														
750	School Transportation System - EAA	4,000,000					4,000,000						4,000,000		
751	School Transportation System - Bus Purchase	8,261,888					8,261,888						8,261,888		
751	School Buses											8,000,000	8,000,000		
754	Enhancing Education Through Technology (E2T2); Title II Part D of NCLB		8,784,800				8,784,800					8,784,800	8,784,800		
760	Instructional Materials - Textbooks	37,728,560		1,723,000			44,318,955					1,723,000	39,451,560		
760	Textbooks funded from Lottery											(23,459,264)	23,459,264		
800	FIRST STEPS - CHILD CARE	4,438,212		158,062			5,696,274					158,062	740,000	5,336,274	
801	FIRST STEPS - PARENTING/FAMILY LITERACY	6,941,818		1,539,603			9,075,421					1,539,603	380,000	8,861,421	
700	High Schools That Work (HSTW)						500,000						1,000,000	1,000,000	
789	Education Oversight Committee (EOC)						1,214,538						1,214,538	1,214,538	
708	School Transp Sys - Fringe Benefits Inflation														
708	School Transp Sys - Aid Other Agencies														
708	School Transp Sys - Mechanics Salary Increase														
708	School Transp Sys - Bus Driver Salary & Fringe Supplement	39,372,823					39,823,599					450,776	39,823,599		
675	Foundation Education Program-Education Finance Act	1,079,180,573		20,002,778			1,099,183,351					20,002,778	1,099,183,351		
<b>675</b>	<b>EFA - Hold Harmless</b>												<b>23,200,000</b>		
684	Gifted and Talented (G&T) Instruction						29,497,533						29,497,533		
698	Career & Tech Educ - Modernize Vocational Equipment	4,800,452					8,763,972					3,963,520	8,763,972		
702	School Lunch Program Aid	413,606					413,606						413,606		
705	Safe Schools - School Safety Officers	6,807,857					6,807,857						6,807,857		
707	Safe Schools - Alternative Schools	10,976,277					10,976,277						10,976,277		
714	Academic/Instruct Assist to High Poverty Schools & Students Title I, Part A, of NCLB (Basic Grants)		126,083,634				126,083,634					138,083,634	138,083,634		
721	Homework Centers						6,953,864						6,810,000	6,810,000	
731	English Speakers of Other Languages - ESOL Title III, of NCLB		2,146,296				2,146,296						2,146,296		
733	Rural Education Achievement Program - REAP (Title VI of NCLB)		1,586,781				1,586,781						1,586,781		
741	Career and Technology Education (CATE)	356,990	20,772,713				21,129,703						21,129,703		
742	Teacher Certification	1,894,117	122,108				2,760,046					743,821	3,135,262		
755	Data Collection-SASI						2,048,925						1,049,375	1,049,375	
763	School Food Services and Food Distribution System	164,672	158,384,343				158,549,015						158,549,015		
787	State Agency Teacher Pay						8,381,292						8,613,854	8,613,854	
742	Induction & Mentoring														
755	Data Collection-SASI - Training														
755	Special Education Component - SASI (NR)														
689	Teacher Supplies						10,000,000						10,000,000	10,000,000	
740	Adult Education (AE)	13,585,650	8,162,960	1,525,076			23,273,686						23,273,686		
694	Students with Disabilities in Alternative Residences														
677	Retiree Insurance	52,751,957					52,751,957						52,751,957		
678	Reduce Class Size	35,047,429					35,047,429						35,047,429		
679	Summer Schools	21,000,000					21,000,000						21,000,000		
685	Early Child Development and Academic Assistance						120,515,953						120,515,953	120,515,953	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
694	Services to Students w/ Disabilities-Special Needs-Children w/ Disabilities PL99-457	3,973,584						3,973,584	3,973,584						3,973,584	
695	Services to Students w/ Disabilities-Special Needs Chldrn - Aid Sch Dist-Pilot Ext	43,316						43,316	43,316						43,316	
696	Service to Students w/ Disabilities-Spec Needs Chldrn-Aid Sch Dist-Handicapped	129,928						129,928	129,928						129,928	
697	Service to Students with Disabilities - Special Needs					4,205,017		4,205,017				4,205,017			4,205,017	
706	Safe Schools -Middle School Initiative	4,937,500						4,937,500	4,937,500						4,937,500	
722	21st Century Comm Learning Cntr Prg Competitive Grants		6,613,613					6,613,613		6,613,613					6,613,613	
727	Accreditation of Schools	528,653		36,959				565,612	528,653		36,959				565,612	
753	Uniform Mgmt Info. Reporting System (UMIRS)		300,000					300,000		300,000					300,000	
757	Technology Initiative	15,947,619						15,947,619	15,947,619						15,947,619	
766	School Health Finance System (Medicaid)			1,740,000				1,740,000			2,607,222				2,607,222	
802	FIRST STEPS - HEALTH	829,117		124,368				953,485	829,117		124,368				953,485	
682	Advanced Placement (AP)					2,514,265		2,514,265				2,514,265			2,514,265	
701	Nursing Program	597,562						597,562	597,562						597,562	
709	Curriculum and Standards Services	1,189,171	20,389,179			977,192		22,555,542	1,189,171	20,389,179		977,192			22,555,542	
709	Reduce Funding to the Charleston Science & Mathematics Center for Curriculum Development at the SC Aquarium to Direct State Education Funding to the Classroom								(75,000)						(75,000)	
720	Reduce Dropouts - Truancy, Dropout & Youth Court Initiative Non-competitive grants		630,000					630,000		630,000					630,000	
736	Early Childhood Education--Four-Year Old Early Childhood	167,583	538,426	367,230		22,434,430		23,507,669	167,583	538,426	367,230	22,434,430			23,507,669	
744	Alternative Certification Programs		143,412			429,963		573,375			342,927		429,963		772,890	
761	School Facilities Support	580,250	41,495	61,425				683,170	580,250	41,495	61,425				683,170	
767	Community Service Learning	75,515	1,332,116	40,000				1,447,631	75,515	1,512,378	40,000				1,627,893	
676	Employer Contributions	368,430,403						368,430,403	368,430,403						368,430,403	
680	Increase Credits for High School Diploma	23,632,801						23,632,801	23,632,801						23,632,801	
692	Part-time Health and Dental	206,345						206,345	206,345						206,345	
693	Teacher Quality - ADEPT	2,217,245						2,217,245	2,217,245						2,217,245	
699	Tech Prep					4,064,483		4,064,483				4,064,483			4,064,483	
704	School Facilities - Buildings		19,617,500					19,617,500		19,617,500					19,617,500	
713	<b>Enhance Teacher Skills &amp; Student Perf in English, Math, Science &amp; Soc Studies Grades K-5,6-8</b>	<b>56,357</b>					<b>48,500,000</b>	<b>48,556,357</b>	<b>48,500,000</b>						<b>48,500,000</b>	
752	Technology Support and Assistance	2,975,132	387,997	2,238,061		2,966,769		8,567,959	2,975,132	387,997	2,238,061	2,966,769			8,567,959	
752	General Fund Savings From Elimination of Teacher Quality Commission												(283,821)		(283,821)	
759	Assessment and Testing Activities	13,221,950	6,352,083			1,445,749	2,717,662	23,737,444	13,221,950	6,352,083		1,445,749	2,925,000		23,944,782	
759	Savings for Assessing Students in a Manner Comparable to Other States - Redirect Savings to BSC								(2,688,644)						(2,688,644)	
762	Safe and Drug-Free Program		4,975,143					4,975,143		4,975,143					4,975,143	
764	Coordinated School Health Programs		409,000					409,000		409,000					409,000	
793	EOC Public Relations					226,592		226,592				226,592			226,592	
690	Professional Development & Support for Math and Science					2,900,382		2,900,382				2,900,382			2,900,382	
691	Critical Teaching Needs					602,911		602,911				602,911			602,911	
703	Principal Salary Supplement					3,095,968		3,095,968				3,095,968			3,095,968	
712	SAT Improvement	285,098						285,098	285,098						285,098	
726	Palmetto Gold and Silver Awards Program			49,700			2,000,000	2,049,700			49,700		1,000,000		1,049,700	
743	Teacher Recognition					166,102		166,102				166,102			166,102	
746	Teacher Evaluation					110,000		110,000				110,000			110,000	
746	EIA Savings From Elimination of Teacher Quality Commission												(110,000)		(110,000)	
748	Teacher Advancement Program (TAP)			350,000				350,000			350,000				350,000	
765	Healthy Schools Programs		246,823	39,812				286,635		246,823	39,812				286,635	
778	Teacher Loan					3,209,270		3,209,270				3,209,270			3,209,270	
777	Teacher Quality - Teacher Recruitment					5,836,110		5,836,110				5,836,110			5,836,110	
681	Local School Innovation					9,970,064		9,970,064				9,970,064			9,970,064	
734	Arts Curricula Instruction	85,000				1,867,209		1,952,209	85,000			1,867,209			1,952,209	
737	Parenting and Family Literacy Services					5,855,526		5,855,526				5,855,526			5,855,526	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
768	GEAR-UP (Gaining Early Awareness and Readiness for Undergraduate Programs)		13,665	6,334			19,999		13,665	6,334			19,999		
779	Career Changer Loan	1,622,662					1,622,662	1,622,662					1,622,662		
792	Centers Of Excellence					662,953	662,953				662,953		662,953		
794	State Board of Education	58,034					58,034	58,034					58,034		
796	Governmental Services	358,003					358,003	358,003					358,003		
710	Professional Development on Standards					6,204,060	6,204,060				6,204,060		6,204,060		
711	Prof Develop on Reading to Teachers - Institute of Reading					1,312,874	1,312,874				1,312,874		1,312,874		
719	Character Education Program	311,989					311,989	311,989					311,989		
724	Retraining Grants					400,000	7,460,500	7,860,500			400,000	5,565,000	5,965,000		
770	Parental and Community Partnerships	73,426				30,037	103,463	73,426			30,037		103,463		
772	Principal Evaluation and Induction					148,857	148,857	148,857			148,857		148,857		
782	Alcohol & Drug Abuse					937,857	937,857	937,857					937,857		
688	National Board Certification (NBC) Incentive	11,276,610				27,968,264	39,244,874	11,276,610			29,797,264		41,073,874		
683	Junior Scholars					223,767	223,767				223,767		223,767		
729	Progress Energy School Ldrshp Exec Institute (SLEI)			197,711		906,370	1,104,081			197,711	906,370		1,104,081		
775	School Leadership Executive Institute for District Administrators (SLEI DA)					27,017	27,017				27,017		27,017		
781	Status Offender	527,835					527,835	527,835					527,835		
790	SC Geographic Alliance					184,508	184,508				184,508		184,508		
795	Ombudsman Services	82,596					82,596	82,596					82,596		
728	Principal Specialists					2,426,085	2,426,085								
723	Teacher Specialists & Principal Mentors Funded from Lottery General Funds							(5,294,818)					(5,294,818)		
723	Principal Mentors										33,135		33,135		
723	Teacher Specialists Assistance and Technical Support	5,661,683				1,975,000	26,290,194	33,926,877	5,661,683				5,661,683		
723	EAA - Technical Assistance - Unsatisfactory Schools										6,300,000		6,300,000		
723	EAA - Technical Assistance - Below Average Schools										14,040,000		14,040,000		
723	EAA - Technical Assistance - Allendale School District										1,710,000		1,710,000		
723	EAA - Technical Assistance - Administration										1,350,000		1,350,000		
730	School Leadership Exec Institute-Technology Training			668,837			668,837			668,837			668,837		
738	Competitive Teacher Grants					1,287,044	1,287,044				1,287,044		1,287,044		
745	Teacher Education					150,000	150,000				150,000		150,000		
745	EIA Savings From Elimination of Teacher Quality Commission										(150,000)		(150,000)		
771	School Leadership Executive Institute-Developing Aspiring Principals					94,385	94,385				94,385		94,385		
773	School Leadership Executive Institute -- Tapping Executive Educators (SLEI-TEE)					75,321	75,321				75,321		75,321		
783	Aid Sch Dist-Felton Lab	165,659					165,659	165,659					165,659		
786	EOC Family Involvement					45,318	45,318				45,318		45,318		
788	Writing Improvement Network					288,444	288,444				288,444		288,444		
780	Archives & History	34,918					34,918	34,918					34,918		
725	External Reviews - External Review Teams					203,358	1,466,872	1,670,230			203,358	586,800	790,158		
758	Conduct Research and Prepare Reports	906,663		9,970		320,030	971,793	2,208,456	906,663		9,970	320,030	971,793	2,208,456	
769	Commission on National and Community Service	86,250	1,727,455	7,500		2,500	1,823,705	86,250		1,727,455	7,500	2,500	1,823,705		
774	Office of School Leadership Technical Assistance					75,321	75,321				75,321		75,321		
791	School Improvement Council					180,192	180,192				180,192		180,192		
776	Topical Seminars for School Administrators			212,743			212,743				212,743		212,743		
784	Holocaust	44,065					44,065	44,065					44,065		
785	Youth in Government	18,445					18,445	18,445					18,445		
803	FIRST STEPS - ADMINISTRATION	1,868,392		784,431			2,652,823	1,868,392			784,431		2,652,823		
804	FIRST STEPS - FEDERAL PROGRAM			657,004			657,004			657,004			657,004		
797	Finance	1,302,946	273,730			438,359	2,015,035	1,302,946	365,909		438,359		2,107,214		
798	Administration	2,871,914		10,136		145,580	3,027,630	2,871,914		10,136	145,580		3,027,630		
	Savings from Modernization of Human Resource Systems							(20,067)					(20,067)		
	Savings from More Efficient Technology Services							(150,115)					(150,115)		

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	
	FY 04-05 Health Insurance & Pay Plan Allocation	10,451,916					10,451,916	10,451,916					10,451,916	
756	Student Identifier						488,000	488,000						
	<b>Total</b>	<b>1,840,724,677</b>	<b>524,264,072</b>	<b>58,325,916</b>		<b>552,502,240</b>	<b>109,691,290</b>	<b>3,085,508,195</b>	<b>1,934,091,009</b>	<b>584,867,843</b>	<b>59,193,138</b>	<b>590,247,187</b>	<b>76,800,367</b>	<b>3,245,199,544</b>
<b>Gov's School for Arts and Humanities</b>														
806	Academic Programs	1,396,996		204,659				1,601,655	1,396,996			204,659		1,601,655
807	Art Programs	1,011,757						1,011,757	1,011,757					1,011,757
810	Library	156,003						156,003	156,003					156,003
808	Residential Life	490,200						490,200	490,200					490,200
811	Institutional Advancement	162,741		224,241				386,982	162,741		224,241			386,982
809	Admissions, Outreach, Recruiting, and Special Programs (Summer Programs)	278,431		343,750				622,181	278,431		343,750			622,181
808	Residential Life - (NR)													
805	Lottery - Non-Recurring						1,000,000	1,000,000						
812	Administration	2,277,555		232,121				2,509,676	2,277,555		232,121			2,509,676
812	Recommend consolidating all special school administrations - Savings redirected to Base Student Cost (BSC)							(65,025)						(65,025)
	<b>Total</b>	<b>5,773,683</b>		<b>1,004,771</b>			<b>1,000,000</b>	<b>7,778,454</b>	<b>5,708,658</b>		<b>1,004,771</b>			<b>6,713,429</b>
<b>Gov's School for Math and Science</b>														
813	Academics-Instruction	1,230,460		203,406				1,433,866	1,230,460		203,406			1,433,866
814	Recommend Both Governor's Schools Have Comparable Student Fees - Savings redirected to BSC							(250,000)						(250,000)
814	Life in Residence	1,068,531		132,500				1,201,031	1,068,531		132,500			1,201,031
815	Statewide Outreach	193,484		400,044				593,528	193,484		400,044			593,528
816	Administrative Overhead	217,089		10,550				227,639	217,089		10,550			227,639
816	Recommend consolidating all special school administrations.							(45,633)						(45,633)
	<b>Total</b>	<b>2,709,564</b>		<b>746,500</b>				<b>3,456,064</b>	<b>2,413,931</b>		<b>746,500</b>			<b>3,160,431</b>
<b>Educational Television Commission</b>														
830	Educational Television - Local Programming	4,118,340		1,590,088	71,889			5,780,317	4,118,340		1,255,088			5,373,428
825	Pre K - 12 Educational Services	2,682,983		4,322,082	349,177		546,000	7,900,242	3,032,160		1,274,457			4,306,617
826	Educational Radio	292,095		804,929	82,159			1,179,183	292,095		804,929			1,097,024
828	Educational Television - National Programming	481,949		2,928,209	71,889			3,482,047	481,949		2,610,334			3,092,283
829	Education Services to City, County & State Govt	1,013,256		689,204				1,702,460	1,013,256		664,204			1,677,460
827	Higher & Medical Education Services	1,103,783		173,371	451,878		854,000	2,583,032	551,892		163,371			715,263
827	General Fund Savings from Activity Becoming Self-Supporting Phase Out over 2 Years							(551,892)			551,892			
824	Agency Fundraising	369,488		510,547				880,035	369,488		510,547			880,035
824	General Fund Savings from Recommending ETV Endowment Strengthen Campaign Efforts to Become Self-supporting - Redirected to BSC							(369,488)			369,488			
831	Administration	2,671,645		189,570				2,861,215	2,671,645		217,070			2,888,715
	FY 04-05 Health Insurance & Pay Plan Allocation	280,376						280,376	280,376					280,376
	Savings from More Efficient Technology Services							(132,089)						(132,089)
831	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC							(649,378)						(649,378)
	<b>Total</b>	<b>13,013,915</b>		<b>11,208,000</b>	<b>1,026,992</b>		<b>1,400,000</b>	<b>26,648,907</b>	<b>11,108,354</b>		<b>8,421,380</b>			<b>19,529,734</b>
<b>Wil Lou Gray Opportunity School</b>														
833	Academic Program	809,004		491,573				1,300,577	809,004		660,515			1,469,519
834	Vocational Program	88,897		66,876				155,773	88,897		77,974			166,871
835	Library Program	55,237		12,744				67,981	55,237		15,516			70,753
836	Student Services Program (Residential Program)	339,027		8,000				347,027	339,027		8,000			347,027
837	Support Services Program	672,191	240,000	461,700	206,709			1,580,600	672,191	240,000	483,072			1,395,263
832	Administration Program	392,162						392,162	392,162					392,162
	FY 04-05 Health Insurance & Pay Plan Allocation	70,073						70,073	70,073					70,073
	Savings from Modernization of Human Resource Systems							(2,019)						(2,019)
	Savings from More Efficient Technology Services							(1,398)						(1,398)

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery		Total Funds
832	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC								(92,597)					(92,597)	
	<b>Total</b>	<b>2,426,591</b>	<b>240,000</b>	<b>1,040,893</b>	<b>206,709</b>			<b>3,914,193</b>	<b>2,330,577</b>	<b>240,000</b>	<b>1,245,077</b>			<b>3,815,654</b>	
<b>Vocational Rehabilitation</b>															
839	Direct Client Placement Services	8,171,472	24,592,053	1,055,205	992,661			34,811,391	9,164,133	26,471,767	1,054,047			36,689,947	
840	Purchased Case Services to Assist in Placement		10,275,000	225,000				10,500,000		8,850,000				8,850,000	
849	Workshop Production			17,000,000				17,000,000			17,000,000			17,000,000	
843	Independent Living		315,000	35,000				350,000		315,000				315,000	
1517	Residential Substance Abuse Treatment Centers	635,520	1,724,228	10,795				2,370,543	635,520	1,724,228	10,795			2,370,543	
842	Supported Employment		490,000					490,000		507,370				507,370	
846	Benefits Planning Assistance & Outreach (BPAO) Grant		400,000	15,000				415,000		392,130				392,130	
847	Extended Rehabilitation	131,848						131,848	131,848					131,848	
848	Miscellaneous Grants		854,037	280,306				1,134,343		214,000	97,196			311,196	
850	Disability Determination Services		28,595,000	650,000				29,245,000		28,545,000	3,453,362			31,998,362	
1516	Residential Substance Abuse Treatment Centers Case Services, Purchased		30,573					30,573		30,573				30,573	
845	SSI Program		2,000,000					2,000,000		1,999,000				1,999,000	
844	Workshop Contracts			1,200,000				1,200,000			1,251,000			1,251,000	
841	In-Service Training		211,500	23,500				235,000		247,500				247,500	
----	Administrative Savings from Consolidation of Commission for the Blind with Vocational Rehabilitation								(495,142)					(495,142)	
	Savings from Modernization of Human Resource Systems								(43,142)					(43,142)	
	Savings from More Efficient Technology Services								(122,204)					(122,204)	
	FY 04-05 Health Insurance & Pay Plan Allocation	379,744						379,744	379,744					379,744	
838	Administration	2,205,894	4,978,146					7,184,040	2,205,894	5,408,932	30,000			7,644,826	
	<b>Total</b>	<b>11,524,478</b>	<b>74,465,537</b>	<b>20,494,806</b>	<b>992,661</b>			<b>107,477,482</b>	<b>11,856,651</b>	<b>74,705,500</b>	<b>22,896,400</b>			<b>109,458,551</b>	
<b>School for the Deaf &amp; the Blind</b>															
851	Education	6,127,806	592,440	6,488,676				13,208,922	6,127,806	602,282	6,602,066			13,332,154	
852	Student Support	1,849,903	178,850	756,533				2,785,286	1,849,903	12,210	2,293,342			4,155,455	
853	Residential	1,156,190	111,781	472,833				1,740,804	1,156,190	151,781	701,518			2,009,489	
856	Physical Support	809,333	78,247	330,984				1,218,564	809,333	168,391	840,103			1,817,827	
854	Outreach	924,952	89,425	378,266				1,392,643	924,952	370,313	665,921			1,961,186	
855	Administration	693,714	67,069	283,669				1,044,452	693,714	(121,477)	8,050			580,287	
	FY 04-05 Health Insurance & Pay Plan Allocation	247,843						247,843	247,843					247,843	
----	Better Utilization of State-owned and Leased Real Estate								(57,964)					(57,964)	
	Savings from Modernization of Human Resource Systems								(13,695)					(13,695)	
	Savings from More Efficient Technology Services								(25,631)					(25,631)	
855	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC								(335,155)					(335,155)	
	<b>Total</b>	<b>11,809,741</b>	<b>1,117,812</b>	<b>8,710,961</b>				<b>21,638,514</b>	<b>11,377,296</b>	<b>1,183,500</b>	<b>11,111,000</b>			<b>23,671,796</b>	
<b>Dept of Archives &amp; History</b>															
858	Records Management Services	695,436	69,320	10,500				775,256	695,436	69,320	10,500			775,256	
859	Micrographics and Photocopy Services	195,427		228,677				424,104	195,427		228,677			424,104	
860	State Historic Preservation Program	214,052	387,965	588,949				1,190,966	214,052	387,965	588,949			1,190,966	
864	Publication Program	41,719						41,719	41,719					41,719	
857	Archival Services	719,184	57,186	27,857				804,227	719,184	57,186	27,857			804,227	
857	Public Internet Access														215,000
863	Teaching American History in SC Program	2,422	304,205					306,627	2,422	304,205				306,627	
863	Teaching American History in SC Program								(2,422)					(2,422)	
861	State Historical Marker Program	336		21,713				22,049	336		21,713			22,049	
865	Administration	1,223,987		91,083	250,534			1,565,604	1,223,987		91,083			1,315,070	
	Savings from Modernization of Human Resource Systems								(2,454)					(2,454)	
	Savings from More Efficient Technology Services								(22,234)					(22,234)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
865	Administrative Savings from Consolidation of Cultural Agencies								(165,280)					(165,280)	
	FY 04-05 Health Insurance & Pay Plan Allocation	74,839						74,839	74,839					74,839	
862	National History Day Program	54,496						54,496							
866	Hunley Project			759,890				759,890			759,890			759,890	
	<b>Total</b>	<b>3,221,898</b>	<b>818,676</b>	<b>1,728,669</b>	<b>250,534</b>			<b>6,019,777</b>	<b>2,975,012</b>	<b>818,676</b>	<b>1,728,669</b>			<b>5,522,357</b>	<b>215,000</b>
<b>State Library</b>															
870	DISCUS - South Carolina's Virtual Library	79,832	382,000					461,832	79,832	382,000				461,832	
872	Information Services	365,835	245,529					611,364	365,835	245,529				611,364	
875	Funding to Local Libraries	3,766,692			481,745			7,248,437	3,766,692			3,000,000		6,766,692	
874	Continuing Education	63,128	83,409					146,537	63,128	83,409				146,537	
868	Talking Book Services	15,000	375,301	25,000				415,301	15,000	452,303	25,000			492,303	
869	Network Services		334,568					334,568		220,649				220,649	
871	Collection Management Services	402,406	184,930					587,336	402,406	124,930				527,336	
873	Library Development Services	114,299	732,206	100,000				946,505	114,299	761,706	100,000			976,005	
867	Administration	1,366,870	50,386	5,000				1,422,256	1,366,870	65,386	5,000			1,437,256	
	FY 04-05 Health Insurance & Pay Plan Allocation	40,284						40,284	40,284					40,284	
	Savings from Modernization of Human Resource Systems								(1,662)					(1,662)	
	Savings from More Efficient Technology Services								(31,246)					(31,246)	
867	Administrative Savings from Consolidation of Cultural Agencies								(70,413)					(70,413)	
	<b>Total</b>	<b>6,214,346</b>	<b>2,388,329</b>	<b>130,000</b>	<b>481,745</b>			<b>12,214,420</b>	<b>6,111,025</b>	<b>2,335,912</b>	<b>130,000</b>	<b>3,000,000</b>		<b>11,576,937</b>	
<b>Arts Commission</b>															
878	Artist Development	137,120	20,020	68,990				226,130	137,120	20,020	68,990			226,130	
879	Contributions	196,477		13,026	16,254			225,757	196,477		13,026			209,503	
876	Arts Education	732,894	279,932	29,224	53,139			1,095,189	732,894	236,137				969,031	
877	Community Arts Development	1,241,249	856,125	565,910	174,503			2,837,787	1,241,249	745,994	451,687			2,438,930	
880	Administration	720,945	14,530					735,475	720,945	2,366				723,311	
	FY 04-05 Health Insurance & Pay Plan Allocation	47,936						47,936	47,936					47,936	
	Savings from More Efficient Technology Services								(3,136)					(3,136)	
	Recurring Savings from Repayment of Revenue Bonds								(186,000)					(186,000)	
880	Administrative Savings from Consolidation of Cultural Agencies								(150,681)					(150,681)	
	<b>Total</b>	<b>3,076,621</b>	<b>1,170,607</b>	<b>677,150</b>	<b>243,896</b>			<b>5,168,274</b>	<b>2,736,804</b>	<b>1,004,517</b>	<b>533,703</b>			<b>4,275,024</b>	
<b>State Museum</b>															
882	Education	378,323		136,455	28,300			543,078	378,323		136,455			514,778	
881	Collections	313,260		30,477	63,200			406,937	313,260		30,477			343,737	
885	Facilities	2,486,668		55,217	107,900			2,649,785	2,486,668		55,217			2,541,885	
883	Exhibits	459,140		172,769	61,550			693,459	459,140		172,769			631,909	
884	Operations	63,998		1,013,704	70,679			1,148,381	63,998		1,013,704			1,077,702	
886	Administration	437,871		83,677				521,548	437,871		83,677			521,548	
	FY 04-05 Health Insurance & Pay Plan Allocation	42,432						42,432	42,432					42,432	
	Savings from Modernization of Human Resource Systems								(1,346)					(1,346)	
	Savings from More Efficient Technology Services								(19,870)					(19,870)	
	Recurring Savings from Repayment of Revenue Bonds								(1,726,213)					(1,726,213)	
886	Administrative Savings from Consolidation of Cultural Agencies								(64,568)					(64,568)	
	<b>Total</b>	<b>4,181,692</b>		<b>1,492,299</b>	<b>331,629</b>			<b>6,005,620</b>	<b>2,369,695</b>		<b>1,492,299</b>			<b>3,861,994</b>	
<b>Department of Health &amp; Human Services</b>															
----	Prevention Partnership Grants								5,000,000					5,000,000	
----	Breast Cancer Screening Program Expansion								1,000,000					1,000,000	
903	Nursing Home Services	105,554,683	257,471,937	5,422,059				368,448,679	113,357,787	261,657,222	5,422,059			380,437,068	
894	DMH Medicaid Services		154,940,676	66,783,245				221,723,921		154,940,676	66,783,245			221,723,921	
895	DDSN Medicaid Services		327,827,148	141,301,570				469,128,718		327,827,148	141,301,570			469,128,718	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
<b>901</b>	<b>Hospital Services - Inpatient Care and Diagnostic, Therapeutic, Rehab and Palliative Outpatient Care</b>	<b>158,989,489</b>	<b>436,927,157</b>	<b>7,297,081</b>			<b>603,213,727</b>	<b>172,548,344</b>	<b>468,387,366</b>	<b>27,297,081</b>			<b>668,232,791</b>		
901	Savings from Implementing a High-Risk Prenatal Management Program							(1,000,000)					(1,000,000)		
901	Implement High-Cost/High-Risk Recipient Management Program							(1,000,000)					(1,000,000)		
896	DHEC Medicaid Services		30,753,151	13,255,365			44,008,516		30,753,151	13,255,365			44,008,516		
<b>915</b>	<b>EPSDT Screening</b>	<b>3,332,663</b>	<b>8,397,481</b>	<b>286,858</b>			<b>12,017,002</b>	<b>3,588,164</b>	<b>8,990,313</b>	<b>286,858</b>			<b>12,865,335</b>		
<b>905</b>	<b>Pharmaceutical Services</b>	<b>148,941,771</b>	<b>477,597,636</b>	<b>72,954,612</b>			<b>699,494,019</b>	<b>164,697,785</b>	<b>514,180,907</b>	<b>72,954,612</b>			<b>751,833,304</b>		
905	Adjust Pharmaceutical Reimbursement Rate Toward More Market-Based Rate as Suggested by September 2004 US HHS Inspector General Report							(16,469,779)					(16,469,779)		
905	Savings from Enhancing Pharmaceutical Fraud & Abuse Detection by Using Profiling Capabilities to Identify							(500,000)					(500,000)		
905	Savings from Prior Authorization of Growth Hormone Therapies							(250,000)					(250,000)		
905	Savings from Decreasing Erectile Dysfunction Drug Limit from 3 pills/month to 1 pill/month.							(10,000)					(10,000)		
905	Implement pharmacy Verification of Benefits (VOB) process							(250,000)					(250,000)		
905	Tighten Coordination of Benefit (COB) process							(250,000)					(250,000)		
905	Contract for independent analysis of behavioral health claims data							(1,000,000)					(1,000,000)		
917	State to Pursue Controls Within Federal Guidelines to Ensure Chiropractic Services are Rendered in Most Appropriate and Effective Manner							(100,000)					(100,000)		
897	MUSC Medicaid Services		22,099,928	9,525,613			31,625,541		22,099,928	9,525,613			31,625,541		
900	Continuum of Care		8,201,863	3,535,205			11,737,068		8,201,863	3,535,205			11,737,068		
<b>917</b>	<b>Medical Professional Svcs.</b>	<b>4,693,710</b>	<b>12,023,724</b>	<b>488,811</b>			<b>17,206,245</b>	<b>5,069,888</b>	<b>12,896,556</b>	<b>488,811</b>			<b>18,455,255</b>		
<b>925</b>	<b>Medicare Premium Payments</b>	<b>25,450,912</b>	<b>52,195,956</b>	<b>4,361,816</b>			<b>82,008,684</b>	<b>28,135,230</b>	<b>53,195,183</b>	<b>4,361,816</b>			<b>85,692,229</b>		
<b>926</b>	<b>Hospice Care</b>	<b>1,349,207</b>	<b>3,510,179</b>	<b>122,566</b>			<b>4,981,952</b>	<b>1,452,525</b>	<b>3,749,906</b>	<b>122,566</b>			<b>5,324,997</b>		
936	Emotionally Disturbed Children		36,656,839	15,800,000			52,456,839		36,656,839	15,800,000			52,456,839		
<b>888</b>	<b>Clinic Services</b>	<b>22,692,920</b>	<b>60,811,525</b>	<b>2,963,307</b>			<b>86,467,752</b>	<b>24,835,798</b>	<b>65,783,579</b>	<b>2,963,307</b>			<b>93,582,684</b>		
<b>892</b>	<b>Managed Care</b>	<b>16,893,160</b>	<b>44,240,789</b>	<b>1,863,378</b>			<b>62,997,327</b>	<b>18,629,308</b>	<b>48,269,089</b>	<b>1,863,378</b>			<b>68,761,775</b>		
<b>890</b>	<b>Durable Medical Equipment</b>	<b>11,950,769</b>	<b>31,066,631</b>	<b>1,191,280</b>			<b>44,208,680</b>	<b>12,892,505</b>	<b>33,251,714</b>	<b>1,191,280</b>			<b>47,335,499</b>		
<b>907</b>	<b>Physician Services</b>	<b>66,715,980</b>	<b>176,546,553</b>	<b>7,902,113</b>			<b>251,164,646</b>	<b>81,193,888</b>	<b>205,291,845</b>	<b>7,902,113</b>			<b>294,387,846</b>		
<b>909</b>	<b>Dental Services</b>	<b>26,451,416</b>	<b>74,795,935</b>	<b>4,934,463</b>			<b>106,181,814</b>	<b>28,421,511</b>	<b>79,367,104</b>	<b>4,934,463</b>			<b>112,723,078</b>		
<b>911</b>	<b>Community Long Term Care</b>	<b>27,638,910</b>	<b>69,912,710</b>	<b>2,098,406</b>			<b>99,650,026</b>	<b>29,371,482</b>	<b>73,932,736</b>	<b>2,098,406</b>			<b>105,402,624</b>		
<b>913</b>	<b>Home Health Services</b>	<b>2,575,647</b>	<b>10,694,335</b>	<b>1,330,307</b>			<b>14,600,289</b>	<b>2,830,767</b>	<b>11,286,285</b>	<b>1,330,307</b>			<b>15,447,359</b>		
<b>921</b>	<b>Lab and X-Ray Services</b>	<b>8,007,071</b>	<b>19,633,932</b>	<b>455,637</b>			<b>28,096,640</b>	<b>8,687,667</b>	<b>21,213,092</b>	<b>455,637</b>			<b>30,356,396</b>		
<b>919</b>	<b>Transportation Services</b>	<b>13,280,829</b>	<b>31,661,496</b>	<b>366,055</b>			<b>45,308,380</b>	<b>14,215,003</b>	<b>33,829,040</b>	<b>366,055</b>			<b>48,410,098</b>		
937	Disproportionate Share	14,000,000	278,220,000	105,180,371			397,400,371	14,000,000	469,085,874	196,736,540			679,822,414		
942	Medicaid Eligibility	5,358,476	15,086,196	10,308,981			30,753,653	5,358,476	15,086,196	10,308,981			30,753,653		
898	USC Medicaid Services		4,456,836	1,921,006			6,377,842		4,456,836	1,921,006			6,377,842		
899	DAODAS Medicaid Services		9,401,934	4,052,465			13,454,399		9,401,934	4,052,465			13,454,399		
<b>928</b>	<b>Residential Care Facility</b>	<b>17,552,962</b>	<b>691,192</b>	<b>5,540</b>			<b>18,079,046</b>	<b>18,640,895</b>	<b>755,544</b>	<b>5,540</b>			<b>19,166,979</b>		
<b>930</b>	<b>Integrated Personal Care</b>	<b>279,702</b>	<b>8,363,327</b>	<b>3,604,800</b>			<b>11,968,127</b>	<b>307,437</b>	<b>8,363,327</b>	<b>3,604,800</b>			<b>11,968,127</b>		
939	Palmetto Senior Care		8,363,327	3,604,800			11,968,127		8,363,327	3,604,800			11,968,127		
<b>923</b>	<b>Family Planning Services</b>	<b>2,472,376</b>	<b>24,251,926</b>	<b>129,627</b>			<b>26,853,929</b>	<b>2,617,035</b>	<b>24,251,926</b>	<b>129,627</b>			<b>26,998,588</b>		
908	Physician Services Administration	857,132	857,132				1,714,264	857,132	857,132				1,714,264		
916	EPSDT Screening Administration	886,773	2,413,994	140,000			3,440,767	886,773	2,413,994	140,000			3,440,767		
931	School for the Deaf and Blind		1,626,768	701,177			2,327,945		1,626,768	701,177			2,327,945		
932	DSS Medicaid Services		41,439,636	17,861,503			59,301,139		41,439,636	17,861,503			59,301,139		
889	Clinic Services Administration	145,538	145,538				291,076	145,538	145,538				291,076		
891	Durable Medical Equipment Administration	216,907	216,907				433,814	216,907	216,907				433,814		
902	Hospital Services Administration	531,772	531,772				1,063,544	531,772	531,772				1,063,544		
910	Dental Services Administration	174,925	174,925				349,850	174,925	174,925				349,850		
927	Hospice Care Administration	34,985	34,985				69,970	34,985	34,985				69,970		
934	Dept of Education Medicaid		55,561,416	23,948,338			79,509,754		55,561,416	23,948,338			79,509,754		
935	Commission for the Blind		20,212	8,712			28,924		20,212	8,712			28,924		
943	Medicaid Eligibility Support	1,443,756	1,443,756				2,887,512	1,443,756	1,443,756				2,887,512		
946	Audits/Compliance	866,739	866,739				1,733,478	866,739	866,739				1,733,478		
904	Nursing Home Services Administration	1,710,569	3,742,267	2,000,000			7,452,836	1,710,569	3,742,267	2,000,000			7,452,836		

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
920	Transportation Services Administration	262,387	262,387				524,774	262,387	262,387				524,774		
929	Residential Care Facility Administration	34,985	34,985				69,970	34,985	34,985				69,970		
940	MUSC Maxillofacial Services	250,000					250,000	250,000					250,000		
944	Automated Claims Processing	9,285,358	30,911,409	2,939,098			43,135,865	9,285,358	30,911,409	2,939,098			43,135,865		
906	Pharmaceutical Services Administration	216,907	3,789,613	1,190,902			5,197,422	216,907	3,789,613	1,190,902			5,197,422		
912	Community Long Term Care Administration	8,267,770	9,828,154	200,000			18,295,924	7,767,770	9,828,154	200,000			17,795,924		
914	Home Health Services Administration	34,985	34,985				69,970	34,985	34,985				69,970		
918	Medical Professional Svcs. Administration	94,459	94,459				188,918	94,459	94,459				188,918		
922	Lab and X-Ray Services Administration	50,728	50,728				101,456	50,728	50,728				101,456		
938	Other Entities Medicaid Ser	7,292,776	62,220,985	19,526,000			89,039,761	7,292,776	62,220,985	19,526,000			89,039,761		
941	Other Agencies Administration	411,423	28,557,763	27,197,410			56,166,596	411,423	28,557,763	27,197,410			56,166,596		
947	Internal Information Technology	1,645,660	1,645,660				3,291,320	1,645,660	1,645,660				3,291,320		
887	Integrated Personal Care Administration	214,811	214,811				429,622	214,811	214,811				429,622		
893	Managed Care Administration	428,906	428,906				857,812	428,906	428,906				857,812		
924	Family Planning Services Administration	239,997	239,997				479,994	239,997	239,997				479,994		
933	DJJ Medicaid Services		18,739,818	8,077,323			26,817,141								
945	Special Projects - Head Start funded; Unrelated Special Projects Pass Throughs Eliminated	434,000	300,000		234,000		968,000	200,000	300,000				500,000		
	Savings from More Efficient Technology Services							(206,486)					(206,486)		
	FY 04-05 Health Insurance & Pay Plan Allocation	537,553					537,553	537,553					537,553		
948	Agency Administration	1,946,246	7,730,348	889,512			10,566,106	1,946,246	9,042,129	1,040,757			12,029,132		
	<b>Total</b>	<b>722,700,700</b>	<b>2,962,600,047</b>	<b>594,648,596</b>	<b>234,000</b>		<b>4,280,183,343</b>	<b>773,599,277</b>	<b>3,263,896,197</b>	<b>698,278,687</b>			<b>4,735,774,161</b>		
<b>Department of Health &amp; Environmental Control</b>															
----	Better Utilization of State-owned and Leased Real Estate							(22,250)					(22,250)		
	Recurring Savings from Repayment of Revenue Bonds							(594,000)					(594,000)		
966	<b>Infectious Disease Prevention - General Sanitation Prog</b>	<b>2,194,169</b>	<b>111,467</b>	<b>3,279,728</b>			<b>5,585,364</b>	<b>2,235,233</b>	<b>186,211</b>	<b>3,608,442</b>			<b>6,029,886</b>		
968	<b>Infectious Disease Prevention - Immunization Program</b>	<b>4,306,575</b>	<b>2,976,826</b>	<b>411,125</b>			<b>7,694,526</b>	<b>4,363,146</b>	<b>2,750,701</b>	<b>439,225</b>			<b>7,553,072</b>		
NEW	Complete Repayment of Pinewood Trust Fund from FY 04-05 Surplus									942,290			942,290		
952	Water Management - Water Pollution Control Program	8,303,810	11,239,382	8,337,914			27,881,106	8,303,810	10,179,861	9,133,396			27,617,067		
959	<b>Land &amp; Waste Management</b>	<b>2,667,211</b>	<b>11,072,286</b>	<b>12,662,931</b>			<b>26,402,428</b>	<b>2,933,932</b>	<b>7,057,341</b>	<b>11,485,128</b>			<b>21,476,401</b>		
960	Land & Waste Management - Emerg Response	610,851	1,479,171	366,473			2,456,495	610,851	1,011,027	419,569			2,041,447		
978	Protection from Public Health Emergencies	93,582	17,728,545				17,822,127	93,582	26,360,115				26,453,697		
951	Water Management - Drinking Water	2,433,230	3,109,085	3,894,725			9,437,040	2,433,230	4,348,202	4,184,262			10,965,694		
970	<b>Maternal and Infant Health</b>	<b>3,114,354</b>	<b>111,258,106</b>	<b>19,851,794</b>			<b>134,224,254</b>	<b>3,874,694</b>	<b>111,358,634</b>	<b>20,015,419</b>			<b>135,248,747</b>		
992	Emergency Medical Services	653,872	731,785	48,505			1,434,162	653,872	1,601,466	52,020			2,307,358		
973	<b>Chronic Disease Prevention</b>	<b>1,629,252</b>	<b>4,897,363</b>	<b>3,114</b>			<b>6,529,729</b>	<b>1,698,208</b>	<b>5,793,704</b>	<b>96,553</b>			<b>7,588,465</b>		
974	Youth Smoking Prevention		586,000				586,000		586,000	11,031			597,031		
972	<b>Maternal &amp; Infant Health-Newborn Hearing &amp; Screening Prog</b>	<b>750,000</b>					<b>750,000</b>	<b>803,348</b>					<b>803,348</b>		
975	<b>Assuring Public Health Services</b>	<b>38,616,293</b>	<b>20,385,772</b>	<b>31,797,776</b>	<b>7,675,331</b>		<b>98,475,172</b>	<b>42,325,121</b>	<b>18,442,194</b>	<b>24,685,113</b>			<b>85,452,428</b>		
977	Minority Health	356,181	736,207	117,394			1,209,782	356,181	298,938	9,378			664,497		
984	Independent Living - Home Health Program	250,553		32,858,703			33,109,256	250,553	452	29,568,079			29,819,084		
995	Vital Records	226,963	1,689,856	4,711,724			6,628,543	226,963	1,728,480	4,604,897			6,560,340		
957	Air Quality Improvement	1,117,402	2,100,544	11,494,198			14,712,144	1,117,402	2,355,605	11,562,704			15,035,711		
985	<b>Independ. Living-Children w/ Special Hlth Care Needs Prog</b>	<b>7,162,052</b>	<b>8,866,909</b>	<b>1,482,106</b>			<b>17,511,067</b>	<b>8,340,011</b>	<b>9,172,326</b>	<b>1,733,532</b>			<b>19,245,869</b>		
983	Rape Violence Prevention	858,415	357,553				1,215,968	858,415	1,013,941				1,872,356		
993	Emerg. Medical Serv.-Counties & Regions (pass thru)	1,581,777		48,686			1,630,463	1,581,777		48,686			1,630,463		
954	Coastal Resource Improvement	1,069,424	4,936,303	819,892			6,825,619	1,069,424	4,323,932	1,234,318			6,627,674		
955	National Estuary Research Reserve		5,475,946				5,475,946		757,443				757,443		
956	Hunting Island Beach Renourishment	5,000,000					5,000,000								
961	Land & Waste Management - Waste Minimization Program	67,914	110,027	53,697			231,638	67,914	90,510	54,549			212,973		
963	Land & Waste Management - Radiological Waste Program	58,861	234,907	712,594			1,006,362	58,861	25,440	642,019			726,320		
988	Radiological Health	812,651	204,256	1,013,621			2,030,528	812,651	226,673	866,351			1,905,675		
950	Underground Storage Tanks		3,428,858	1,231,840			4,660,698		3,500,730	2,645,376			6,146,106		

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
986	Independ. Living-Sickle Cell Program	970,750						970,750	970,750		25,000			995,750	
967	Infectious Disease Prevent.-Surveillance, Investigation & Control Prog	6,438,172	42,812,677	106,829				49,357,678	6,438,172	47,435,229	74,745			53,948,146	
981	Biotechnology Center	547,620						547,620	547,620					547,620	
991	Certification		5,142,454	253,317				5,395,771		4,916,113	267,727			5,183,840	
994	Laboratory	521,463	2,854,870	3,493,687				6,870,020	521,463	2,705,670	5,884,058			9,111,191	
982	Drug Control			1,968,094				1,968,094			2,021,634			2,021,634	
962	Land & Waste Management - Mining Program	364,685		94,680				459,365	364,685		124,844			489,529	
976	Injury and Violence Protection		300,449					300,449		140,451	30,609			171,060	
990	Health Facilities Licensing	1,537,367		697,991				2,235,358	1,537,367		788,340			2,325,707	
953	Water Management Recreational Waters Program			582,424				582,424			678,738			678,738	
958	Air Quality Improvement - Asbestos Program			260,532				260,532			242,573			242,573	
964	Savannah River Plant	89,461						89,461	89,461					89,461	
969	Palmetto Aids Life Support	18,158						18,158	18,158					18,158	
989	Health Facilities & Services Development	824,059	40,688	210,083				1,074,830	824,059	294,666	267,825			1,386,550	
949	Administration	8,892,460		14,218,237				23,110,697	8,892,460	33,000	14,972,981			23,898,441	
----	General Fund Savings from Increasing Collections by 10% per Recent LAC Report Recommendations								(180,000)		180,000				
	Savings from Modernization of Human Resource Systems								(181,276)					(181,276)	
	Savings from More Efficient Technology Services								(734,236)					(734,236)	
949	Administrative savings from restructuring DHEC EQC								(1,070,107)					(1,070,107)	
949	Administrative savings from restructuring DHEC Health								(4,576,711)					(4,576,711)	
949	Administrative savings from consolidating regional offices and RIF								(1,000,000)					(1,000,000)	
965	Waste Contingency Fund	104,173						104,173							
971	Kids Count - General Fund Savings from Eliminating Pass Throughs	42,058						42,058							
979	Family Health Centers (pass thru funds) - General Fund Savings from Eliminating Pass Throughs	444,603						444,603							
980	Family Hlth Center Lancaster-Kershaw (pass thru) - General Fund Savings from Eliminating Pass Throughs	175,738						175,738							
987	Camp Burnt Gin - General Fund Savings From Moving to Non-state Voluntary Charity Status	180,457						180,457			5,285			5,285	
	FY 04-05 Health Insurance & Pay Plan Allocation	2,244,499						2,244,499	2,244,499					2,244,499	
	<b>Total</b>	<b>107,331,115</b>	<b>264,868,292</b>	<b>157,084,414</b>	<b>7,675,331</b>			<b>536,959,152</b>	<b>99,159,293</b>	<b>268,695,055</b>	<b>153,606,696</b>			<b>521,461,044</b>	
<b>Department of Mental Health</b>															
	Better Utilization of State-owned and Leased Real Estate								(277,635)					(277,635)	
1002	Long Term Inpatient Psych	9,515,393		8,625,400	169,535			18,310,328	9,684,928		6,397,837			16,082,765	
1004	Inpatient Psych for Children	8,810,282	484,402	4,620,405	123,298			14,038,387	8,933,580	484,402	4,620,405			14,038,387	
996	Traditional Community Mental Health Services	61,585,526	7,350,100	77,958,136	3,387,103			150,280,865	62,972,629	9,487,127	83,469,658			155,929,414	
1003	Acute Psych	20,220,210	26,988	18,350,167	339,070			38,936,435	20,559,280	26,988	18,350,167			38,936,435	
1007	Nursing Home for Mentally Ill	13,033,541	3,191	13,387,003	1,043,514			27,467,249	13,033,541	3,191	12,700,746			25,737,478	
1005	Forensics	4,328,229		10,737,374	135,628			15,201,231	4,328,229		10,737,374			15,065,603	
999	Crisis Stabilization	8,941,383	463,033	5,198,062	129,463			14,731,941	11,941,383	581,098	5,198,062			17,720,543	
1000	Family Preservation	1,242,534	691,273	1,200,738	27,744			3,162,289	1,270,278	691,273	1,200,738			3,162,289	
997	School-Based Services	2,468,731	1,729,385	8,546,472	110,968			12,855,556	2,468,731	1,415,248	8,546,472			12,430,451	
1008	Veterans Nursing Homes	5,737,343		9,332,756	941,793			16,011,892	6,679,136		9,284,998			15,964,134	
1001	Deaf Services	426,514	92,416	6,420	3,080			528,430	426,514	92,416	6,420			525,350	
1006	Inpatient Alcohol & Drug	5,469,030		1,961,319	2,892,474			10,322,823	6,669,030		1,961,319			8,630,349	
1011	Continuum of Care & Representation of the Mentally Ill	192,192		800,000				992,192	192,192		800,000			992,192	
998	Employment Services	721,912	51,019	564,115	12,330			1,349,376	734,242	51,019	564,115			1,349,376	
1009	Sexually Violent Predator Program	3,087,131		140,665	1,036,989			4,264,785	3,087,131		140,665			3,227,796	
----	Savings from Implementing Statewide Enterprise Accounting System								(600,000)					(600,000)	
----	Administrative savings from restructuring								(6,279,997)					(6,279,997)	
----	General Fund Savings from Increasing Collections by 10% per Recent LAC Report Recommendations								(840,000)		840,000				
----	Savings from Modernization of Human Resource Systems								(203,125)					(203,125)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
	Savings from More Efficient Technology Services								(312,248)					(312,248)	
	FY 04-05 Health Insurance & Pay Plan Allocation	3,926,324						3,926,324	3,926,324					3,926,324	
1010	Administration	13,119,768		783,317	129,463			14,032,548	13,119,768		1,344,831			14,464,599	
	<b>Total</b>	<b>162,826,043</b>	<b>10,891,807</b>	<b>162,212,349</b>	<b>10,482,452</b>			<b>346,412,651</b>	<b>161,513,911</b>	<b>12,832,762</b>	<b>166,163,807</b>			<b>340,510,480</b>	
<b>Disabilities and Special Needs</b>															
1032	Regional Cntrs-Intermdte Care Facil/Mental Retardation (ICF/MR)	51,366,193	41,500	49,484,786				100,892,479	51,366,193	41,500	47,988,524			99,396,217	
1024	Head and Spinal Cord Injury Waiver Services	2,771,979		2,870,363				5,642,342	2,771,979		2,870,363			5,642,342	
1026	Intermediate Care Facility/Mental Retardation (ICF-MR)	42,019,806	215,767	9,802,503	218,572			52,256,648	42,238,378	215,767	9,802,503			52,256,648	
1027	Mental Retardation - Community Training Homes	2,923,247		94,578,813	409,531			97,911,591	3,332,778		96,225,926			99,558,704	
1027	Funding to Provide Service for More Patients in Lieu of Pay Increase for Non-state employees								2,311,828					2,311,828	
1028	Mental Retardation - Assisted Living	212,774		9,931,645	42,609			10,187,028	255,383		9,931,645			10,187,028	
1031	Head and Spinal Cord Injury Assisted Living	142,756		432,619				575,375	142,756		432,619			575,375	
1015	Center Based Child Development			1,318,276				1,318,276			1,318,276			1,318,276	
1020	Adult Development and Supported Employment	8,534,826		37,150,608	1,326,264			47,011,698	9,861,090		37,150,608			47,011,698	
1030	Head and Spinal Cord Injury Community Training Homes	233,971		483,835				717,806	233,971		483,835			717,806	
1014	Early Intervention	746,870		7,228,618	2,504,102			10,479,590	3,050,972		7,228,618			10,279,590	
1022	Autism Family Support	627,352	20,000	5,234,034				5,881,386	627,352	20,000	5,234,034			5,881,386	
1025	Head and Spinal Cord Injury Family Support	190,383	30,000	1,348,778	391,241			1,960,402	190,383	130,000	1,274,701			1,595,084	
1029	Autism Community Training Homes	2,245,843		5,760,460				8,006,303	2,245,843		6,260,644			8,506,487	
1016	Other Family Support		1,668,552	509,641				2,178,193		1,668,552	509,641			2,178,193	
1018	Waiver Services	9,132,256	140,000	24,650,669				33,922,925	9,132,256	140,000	23,750,120			33,022,376	
1019	Respite/Family Support Stipends			2,571,997	2,861,725			5,433,722	2,561,725		2,571,997			5,133,722	
1021	Service Coordination	2,871,774		11,979,289	304,836			15,155,899	2,871,774		11,979,289			14,851,063	
1023	Head and Spinal Cord Injury Service Coordination			1,819,483				1,819,483			1,819,483			1,819,483	
1012	Greenwood Genetic Center	605,411		4,439,041	974,438			6,018,890	605,411		4,728,341			5,333,752	
1013	Other Prevention	26,741	144,564					171,305	26,741	144,564				171,305	
1033	Administration	3,903,606		3,427,094				7,330,700	3,903,606		3,461,385			7,364,991	
----	Administrative savings from restructuring								(1,982,222)					(1,982,222)	
1021	Redirect underutilized service coordination funds to provide more direct services to clients								(350,000)					(350,000)	
	Savings from Modernization of Human Resource Systems								(96,140)					(96,140)	
	Savings from More Efficient Technology Services								(80,426)					(80,426)	
1017	General Fund Savings by Making Special Olympics Contributions Voluntary	174,175		130,825				305,000			130,825			130,825	
	FY 04-05 Health Insurance & Pay Plan Allocation	4,300,000						4,300,000	4,300,000					4,300,000	
	<b>Total</b>	<b>133,029,963</b>	<b>2,260,383</b>	<b>275,153,377</b>	<b>9,033,318</b>			<b>419,477,041</b>	<b>139,521,631</b>	<b>2,360,383</b>	<b>275,153,377</b>			<b>417,035,391</b>	
<b>Alcohol &amp; Other Drug Abuse Services</b>															
1037	Funding to Provide Service for More Patients in Lieu of Pay Increase for Non-state employees								171,518					171,518	
1037	Chemical Depend. Community-Based Treatment Serv	5,244,764	17,642,266	877,632	585,874			24,350,536	5,830,638	15,763,150	1,137,009			22,730,797	
1035	Chemical Depend Community-Based Prevention Serv	102,144	8,266,660	107,482			1,000,000	9,476,286	102,144	7,720,383	227,757			8,050,284	
1036	Chemical Depend. Community-Based Intervention Serv	55,951	1,168,356	48,296				1,272,603	55,951	1,087,426	52,443			1,195,820	
1038	Direct Chemical Dependency Services	25,758	620,934	588,904				1,235,596	25,758		471,387			497,145	
1034	Chemical Dependency Service Accountability	257,783	724,544	491,380				1,473,707	257,783	626,534	516,043			1,400,360	
1039	Gambling Services		14,449	1,690				16,139			355			355	
----	Administrative savings from restructuring								(299,120)					(299,120)	
1040	Alcohol and Drug Abuse Administration	300,536	620,193	82,995				1,003,724	300,536		72,231			372,767	
	FY 04-05 Health Insurance & Pay Plan Allocation	225,748						225,748	225,748					225,748	
	Savings from								(1,544)					(1,544)	
	Savings from More Efficient Technology Services								(48,281)					(48,281)	
	<b>Total</b>	<b>6,212,684</b>	<b>29,057,402</b>	<b>2,198,379</b>	<b>585,874</b>		<b>1,000,000</b>	<b>39,054,339</b>	<b>6,621,131</b>	<b>25,197,493</b>	<b>2,477,225</b>			<b>34,295,849</b>	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
<b>Department of Public Safety</b>															
1058	Highway Traffic Enforcement	35,172,000	1,759,790	12,290,298	3,557,473			52,779,561	38,729,473	967,384	9,980,192			49,677,049	
1058	New Hwy Traffic Enforcement Troopers								4,554,675					4,554,675	
1058	Vehicles and Other One-time Expenses for New Troopers														3,871,685
1060	CMV Traffic Enforcement	164,049	556,799	19,896	46,604			787,348		556,799	230,549			787,348	
1061	Size & Weight Enforcement	2,014,713		2,521,740				4,536,453	2,014,713		2,521,740			4,536,453	
1061	Funded from Increased Gas Tax Collections to Allow Increased Funding for State Troopers								(2,014,713)					(2,014,713)	
1061	Increased Gas Tax Collections to Allow Increased Funding for State Troopers										2,498,396			2,498,396	
1056	Aggressive Criminal Enforcement			2,867,000				2,867,000			2,867,000			2,867,000	
1059	Commercial Motor Vehicle (CMV) Safety Inspections	434,477	1,320,046	120,726	51,716			1,926,965	434,477	1,269,409	272,042			1,975,928	
1059	CMV-Funded from Increased Gas Tax Collections to Allow Increased Funding for State Troopers								(434,477)		1,568,504			1,134,027	
1067	Dyed Fuel Inspections - Increased Gas Tax collections will reduce reliance on General Funds	300,478		36,500	4,280			341,258			341,258			341,258	
1044	Office of Highway Safety	345,534	9,170,718		30,546			9,546,798	345,534	6,685,670				7,031,204	
1044	Consolidate the Office of Justice Prog & Office of Hwy Safety								(50,000)					(50,000)	
1049	Uninsured Motor Vehicle Enforcement			2,576,683				2,576,683			2,576,683			2,576,683	
1070	Training - Basic/Mandated Activity			1,406,812				1,406,812			1,568,304			1,568,304	
1083	Governor's Mansion/Complex	480,449		15,006	57,176			552,631	480,449		15,006			495,455	
1043	Office of Justice Programs	318,858	21,389,443	825,000	27,954			22,561,255	268,858	21,389,443	825,000			22,483,301	
1055	Communication and Intelligence	6,380,651		684,037				7,064,688	6,380,651		684,037			7,064,688	
1062	Compliance Reviews	104,173	370,044		31,078			505,295	104,173	370,044				474,217	
1072	Training -Advanced/Specialized Activity			1,048,158				1,048,158			1,048,158			1,048,158	
1073	Training - Range Operations Activity			557,138				557,138			557,138			557,138	
1074	Registrar Activity			538,208				538,208			538,208			538,208	
1081	State House and Complex	821,979		19,256	104,998			946,233	964,165		69,496			1,033,661	
1052	Executive Protection	209,040		13,693				222,733	209,040		13,693			222,733	
1063	Drug Interdiction	206,904	27,725	70,000	3,185			307,814	210,089	27,725	70,000			307,814	
1068	Hazardous Material & Radioactive Shipment Inspections	100,354	352,765		29,878			482,997	100,354	352,765				453,119	
1076	Standards and Testing Activity			390,720				390,720			390,720			390,720	
1082	Judicial Division	139,996		150,572	42,362			332,930	234,784		150,572			385,356	
1053	S.C. Supreme Court Complex Security	90,428		4,565				94,993	90,428		4,565			94,993	
1054	Information Technology Section	927,766		66,260				994,026	927,766		66,260			994,026	
1057	Multi-disciplinary Accident Investigation Team	1,265,735		98,466				1,364,201	1,265,735		98,466			1,364,201	
1066	Training	36,232	48,343	54,122	10,777			149,474	47,009	48,343	54,122			149,474	
1069	Fuel Tax and Registration Enforcement	18,003	199,450	639,465	5,971			862,889	23,974	199,450	639,465			862,889	
1071	Training - Regional Activity			173,336				173,336			173,336			173,336	
1079	Facilities Planning & Maintenance Activity			1,995,005				1,995,005			1,995,005			1,995,005	
1079	Renovation of Main Academy Buildings														1,400,000
1080	Weapons of Mass Destruction Activity			72,095				72,095		1,413,428	72,095			1,485,523	
1050	Special Operations	155,727		9,129				164,856	155,727		9,129			164,856	
1065	Data Collection & Reporting	73,908	261,354	18,903	3,085			357,250	76,993	49,021	18,903			144,917	
1075	Media/Library Activity			547,874				547,874			547,874			547,874	
1086	General Operations			222,740				222,740			206,270			206,270	
1048	Law Enforcement Network Coordinator	130,612		4,565				135,177	130,612		4,565			135,177	
1051	Highway Patrol Pilot	100,981		4,565				105,546	100,981		4,565			105,546	
1077	Food Service Activity			724,407				724,407			724,407			724,407	
1078	Student Housing Activity			85,933				85,933			85,933			85,933	
1087	Collections Management			21,794				21,794			21,794			21,794	
1412	Transfer Hwy Safety Statistical Data Entry from DMV								(113,079)		163,079			50,000	
1045	School Bus Transportation Safety	33,584		9,129				42,713	33,584		9,129			42,713	
1041	Core Administration	5,975,903		3,147,731	437,593			9,561,227	6,413,496		4,244,854			10,658,350	
1041	Rental Savings for DPS Associated With DMV's Move to Blythewood Facility That Will be Shared With DPS								(833,124)					(833,124)	
	FY 04-05 Health Insurance & Pay Plan Allocation	1,566,679						1,566,679	1,566,679					1,566,679	
	Savings from Modernization of Human Resource Systems								(55,531)					(55,531)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
	Savings from More Efficient Technology Services													(197,297)	(197,297)	
1041	Consolidation of Dispatch Offices													(600,000)	(600,000)	
1041	One-time Costs for the Consolidation of Dispatch Offices															200,000
1046	South Carolina Criminal Justice Liaison	116,530		4,564				121,094			4,564				4,564	
1047	Emergency Traffic Management	330,783		18,258				349,041			349,041				349,041	
1064	Public Education	179,010			52,562			231,572								
1084	Contractual Services S. C. DHEC, Educ. Lottery, B&CB, Commission for the Blind, Dept. of Revenue	200,811		1,518,759				1,719,570			1,719,570				1,719,570	
1085	H. L. Hunley Commission	199,659		15,493				215,152			215,152				215,152	
	<b>Total</b>	<b>58,596,006</b>	<b>35,456,477</b>	<b>35,608,601</b>	<b>4,497,238</b>			<b>134,158,322</b>	<b>61,566,198</b>	<b>33,329,481</b>	<b>40,208,839</b>			<b>135,104,518</b>	<b>5,471,685</b>	
<b>Department of Social Services</b>																
1088	Adoption Services	1,785,213	3,407,245	4,439,459	298,214			9,930,131	2,157,140	4,232,868	3,971,758				10,361,766	
1090	Adoption Subsidy- Special Needs	7,866,719	13,465,816					21,332,535	7,866,719	12,056,459	1,546,687				21,469,865	
1092	Child Abuse and Neglect - Intake and Assessment	3,010,064	14,910,396	5,909,922	502,373			24,332,755	3,681,021	17,019,313	5,292,017				25,992,351	
1100	Foster Care Treatment Services for Emotionally Disturbed Children	12,704,529	4,072,481	15,604,268	421,316			32,802,594	13,187,828	4,831,852	10,125,359				28,145,039	
1104	Temporary Assistance to Needy Families (TANF)/Family Independence	15,190,759	78,241,902	8,329,349	923,485			102,685,495	17,554,362	58,355,087	13,225,040				89,134,489	
1105	Food Stamp Program	7,810,864	531,558,924	11,049,270	1,180,714			551,599,772	10,974,739	533,205,324	11,062,122				555,242,185	
1089	Adoption Subsidy- Legal Costs	750,000	750,000					1,500,000	750,000	750,000					1,500,000	
1091	Adult Protective Services	1,804,411	6,193,956	3,798,506	224,325			12,021,198	2,295,150	3,861,818	3,066,473				9,223,441	
1094	Child Protective Treatment Services - In-Home	3,822,881	15,790,754	5,181,589	614,010			25,409,234	4,642,940	15,447,043	3,916,741				24,006,724	
1095	Foster Care Services	5,670,515	20,918,587	10,605,639	671,077			37,865,818	6,548,475	21,999,019	8,297,843				36,845,337	
1096	Foster Home Payments	4,714,863	15,847,087	15,888,328	809,300			37,259,578	5,524,163	13,311,076	2,856,323				21,691,562	
1099	Domestic Violence Prevention & Intervention Services	11,826	4,005,431	238,806				4,256,063	11,826	4,156,750	1,058,679				5,227,255	
1101	Child Support Enforcement	3,870,138	27,869,672	12,426,179	14,060,604			58,226,593	5,088,074	22,551,507	10,464,903				38,104,484	
1101	Child Support Enforcement - Savings from Penalties & Implementation of Computer System Funded in CRF															11,500,000
1103	Child Care	4,632,561	90,624,623	10,847,485				106,104,669	4,632,561	64,142,326	8,701,873				77,476,760	
1106	Child & Adult Care Food, After School Snack Program, Emergency Shelters Food Program, Summer Food Serv Prog	56,420	32,443,796	281,152				32,781,368	56,420	30,826,050	319,384				31,201,854	
1107	USDA Food Distribution	81,024	8,992,416	8,488				9,081,928	81,956	8,323,691	67,716				8,473,363	
1097	Homemaker Services	183,567	1,993,670	3,513,614				5,690,851	183,567	3,573,258	629,086				4,385,911	
1093	Chafee Foster Care Independence Program	12,565	3,369,962	1,528,102				4,910,629	12,565	461,786	169,327				643,678	
1098	Licensing Serv.-Foster Care & Group or Institutional Facilities & Child Placing Agencies	211,607	395,603	82,304				689,514	257,409	490,337	68,514				816,260	
1102	Child Care Licensing	174,081	433,724	2,383,591				2,991,396	174,081	3,460,697	336,452				3,971,230	
1109	Funding to Shelters and Other Items	3,080,009	2,125,000					5,205,009	3,080,009						3,080,009	
1108	Administration	562,856	1,417,173	671,346				2,651,375	562,856	1,428,077	548,015				2,538,948	
	FY 04-05 Health Insurance & Pay Plan Allocation	1,205,036						1,205,036	1,205,036						1,205,036	
	Savings from Modernization of Human Resource Systems													(134,057)	(134,057)	
	Savings from More Efficient Technology Services													(803,590)	(803,590)	
	Recurring Savings from Repayment of Revenue Bonds													(596,000)	(596,000)	
1108	Savings by implementing a transition from the use of contract attys to FTEs.													(68,000)	(68,000)	
1108	Savings in travel costs by implementing distance learning for staff training													(36,000)	(36,000)	
	<b>Total</b>	<b>79,212,508</b>	<b>878,828,218</b>	<b>112,787,397</b>	<b>19,705,418</b>			<b>1,090,533,541</b>	<b>88,891,250</b>	<b>824,484,338</b>	<b>85,724,312</b>			<b>999,099,900</b>	<b>11,500,000</b>	
<b>John de la Howe School</b>																
1116	Education	688,796	67,335	262,633				1,018,764	688,796	72,457	268,895				1,030,148	
1117	Buildings and Grounds	487,914		172,452				660,366	487,914		112,422				600,336	
1112	Social Services	171,282		46,236				217,518	171,282		42,171				213,453	
1113	Medical Care	99,419		15,523				114,942	99,419		15,523				114,942	
1111	Cottage Life	656,324		1,360				657,684	656,324		1,360				657,684	
1118	Dietary	238,402	100,000	42,544				380,946	238,402	61,043	42,544				341,989	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
1119	Garbage Pickup/Motor Vehicle Opr	80,868		4,000				84,868	80,868		4,000			84,868	
1120	Laundry/Supply/ Housekeeping Services	46,925						46,925	46,925					46,925	
1124	Information Technology	33,264		10,421				43,685	33,264		10,674			43,938	
1123	Public Relations & Alumni	38,015		5,525				43,540	38,015		5,525			43,540	
1114	Therapeutic Activities	153,058		8,640				161,698	153,058		8,640			161,698	
1115	Family Enrichment	136,601		12,238				148,839	136,601		12,238			148,839	
1121	Business Operations	293,405		2,000				295,405	293,405		2,000			295,405	
1122	Administration	127,236		3,475				130,711	127,236		475			127,711	
	FY 04-05 Health Insurance & Pay Plan Allocation	81,983						81,983	81,983					81,983	
	Savings from Modernization of Human Resource Systems								(3,523)					(3,523)	
	Savings from More Efficient Technology Services								(6,516)					(6,516)	
1122	Recommend consolidating administration cost with all special school administration costs - Savings redirected to BSC								(113,431)					(113,431)	
NEW	Therapeutic Wilderness Camping														
	<b>Total</b>	<b>3,333,492</b>	<b>167,335</b>	<b>587,047</b>				<b>4,087,874</b>	<b>3,210,022</b>	<b>133,500</b>	<b>526,467</b>			<b>3,869,989</b>	
<b>Commission for the Blind</b>															
1125	Adjustment to Blindness		1,152,660					1,152,660		1,152,660				1,152,660	
1126	<b>Vocational Rehab Services</b>	<b>281,708</b>	<b>2,910,169</b>		<b>50,000</b>			<b>3,241,877</b>	<b>331,708</b>	<b>2,910,169</b>				<b>3,241,877</b>	
1128	Training and Employment	225,088	489,718	80,000				794,806	225,088	489,718	80,000			794,806	
1130	Older Blind & Independent Living	20,000	387,732					407,732	20,000	387,732				407,732	
1129	<b>Prevention of Blindness</b>	<b>629,553</b>			<b>105,000</b>			<b>734,553</b>	<b>829,553</b>		<b>41,179</b>			<b>870,732</b>	
1132	<b>Low Vision Screening &amp; Consulting Services For Children</b>	<b>132,004</b>			<b>75,000</b>			<b>207,004</b>	<b>207,004</b>					<b>207,004</b>	
1127	Business Enterprise Program	229,754	717,382	402,520				1,349,656	229,754	717,382	402,520			1,349,656	
1127	Business Enterprise Program - Savings From Program Becoming Self-Supporting								(229,754)					(229,754)	
1131	Radio Reading Services	104,990			25,000			129,990							
	Savings from Modernization of Human Resource Systems								(4,116)					(4,116)	
	Savings from More Efficient Technology Services								(17,812)					(17,812)	
----	Administrative Savings from Consolidation of Commission for the Blind with Vocational Rehabilitation								(150,952)					(150,952)	
	FY 04-05 Health Insurance & Pay Plan Allocation	64,170						64,170	64,170					64,170	
1133	Administration	788,472	823,910	30,000	60,014			1,702,396	788,472	823,910	30,000			1,642,382	
	<b>Total</b>	<b>2,475,739</b>	<b>6,481,571</b>	<b>512,520</b>	<b>315,014</b>			<b>9,784,844</b>	<b>2,293,115</b>	<b>6,522,750</b>	<b>512,520</b>			<b>9,328,385</b>	
<b>Housing Finance &amp; Develop Auth.</b>															
1134	Rental Assistance		102,897,556					102,897,556		102,093,162				102,093,162	
1136	Homeownership			1,388,696				1,388,696			1,388,696			1,388,696	
1135	Housing Initiatives		8,475,870					8,475,870		10,233,675				10,233,675	
1138	Tax Credit			1,107,213				1,107,213			1,107,213			1,107,213	
1137	Property Administration and Compliance			397,205				397,205			397,205			397,205	
1139	Administration		156,157	2,425,020				2,581,177		156,157	3,664,096			3,820,253	
	<b>Total</b>		<b>111,529,583</b>	<b>5,318,134</b>				<b>116,847,717</b>		<b>112,482,994</b>	<b>6,557,210</b>			<b>119,040,204</b>	
<b>Human Affairs Commission</b>															
1148	Fair Housing Investigations		212,213					212,213		212,213				212,213	
1145	Intake & Referral	146,560		130,542				277,102	146,560		130,542			277,102	
1146	<b>Employment Discrimination Investigations</b>	<b>267,525</b>		<b>416,205</b>	<b>225,908</b>			<b>909,638</b>	<b>493,433</b>	<b>71,387</b>	<b>442,205</b>			<b>1,007,025</b>	
1147	Mediation --Personal Service, Operating	67,253						67,253	67,253					67,253	
1149	Fair Housing - Education & Outreach		37,500					37,500		37,500				37,500	
1142	Legal - Attorney, Administrative Positions	77,743						77,743	77,743					77,743	
1143	Technical Services & Training	307,727		72,151				379,878	307,727		72,151			379,878	
1144	Community Relations			54,702				54,702			54,702			54,702	
1140	Board of Commissioners	9,500						9,500	9,500					9,500	
	Savings from Modernization of Human Resource Systems								(1,702)					(1,702)	
	Savings from More Efficient Technology Services								(11,838)					(11,838)	
	Savings from Reduced Cost for E-mail and Internet Services								(20,880)					(20,880)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
	FY 04-05 Health Insurance & Pay Plan Allocation	46,620						46,620	46,620					46,620	
1141	Administration	592,118						592,118	592,118					592,118	
	<b>Total</b>	<b>1,515,046</b>	<b>249,713</b>	<b>673,600</b>	<b>225,908</b>			<b>2,664,267</b>	<b>1,706,534</b>	<b>321,100</b>	<b>699,600</b>			<b>2,727,234</b>	
<b>Commission on Minority Affairs</b>															
1150	Hispanic/Latino Affairs			80,710				80,710			146,210			146,210	
1151	Native American Affairs			80,710				80,710			146,210			146,210	
1152	African American Affairs	61,416		19,290				80,706	61,416		19,290			80,706	
1153	Research	71,621		19,290				90,911	71,621		19,290			90,911	
	Savings from Modernization of Human Resource Systems								(198)					(198)	
	Savings from More Efficient Technology Services								(1,925)					(1,925)	
	FY 04-05 Health Insurance & Pay Plan Allocation	6,596						6,596	6,596					6,596	
1154	Administration	176,488			35,995			212,483	176,488					176,488	
	<b>Total</b>	<b>316,121</b>		<b>200,000</b>	<b>35,995</b>			<b>552,116</b>	<b>313,998</b>		<b>331,000</b>			<b>644,998</b>	
<b>Department of Corrections</b>															
1155	Incarcerate Offenders	192,662,541	1,218,090	5,667,265	7,018,856			206,566,752	199,862,836	1,106,690	5,667,265			206,636,791	
1155	Incarcerate Offenders								3,842,700					3,842,700	
1155	Facility Maintenance														5,000,000
1155	Freezer and Food Service Warehouse														4,400,000
1155	CRF Funding of \$4.4 Million for Freezer and Food Warehouse Will Save \$500,000 Annually								(500,000)					(500,000)	
1155	CRF Vehicle, Radio and Security Equipment														1,779,500
1165	Agriculture Operation	150,000		3,891,670				4,041,670	150,000		3,891,670			4,041,670	
1167	Education of Inmates	3,011,138	2,731,763	3,992,324				9,735,225	3,011,138	2,244,745	3,992,324			9,248,207	
1156	Provide Inmate Health Care	56,373,979		3,055,000				59,428,979	56,373,979		3,055,000			59,428,979	
1157	Institutions Canteen Operations			17,000,000				17,000,000			17,000,000			17,000,000	
1163	Prison Industries "PIE" Prog			5,000,000				5,000,000			5,000,000			5,000,000	
1161	Work and Vocational	331,947		1,886,077				2,218,024	331,947		1,886,077			2,218,024	
1162	Prison Industries-Traditional			11,000,000				11,000,000			11,000,000			11,000,000	
1164	Prison Industries-Service			3,000,000				3,000,000			3,000,000			3,000,000	
1168	Inmate Program Services	4,503,131	4,000,000	246,924				8,750,055	6,305,131	3,895,000	246,924			10,447,055	
1158	Vehicle Maintenance	2,623,296		260,000				2,883,296	2,623,296		260,000			2,883,296	
1159	Agency Training Academy	1,450,000						1,450,000	1,450,000					1,450,000	
1171	Federal Grant Allocation	65,000	7,124,702					7,189,702	65,000	7,009,209				7,074,209	
1160	Recycling Operation	100,000		250,000				350,000	100,000		250,000			350,000	
1166	Partnership with Palmetto Pride	550,000		50,000				600,000	550,000		50,000			600,000	
1166	General Fund savings from Using Palmetto Pride to Fund Recycling & Trash Pick-up at Corrections								(650,000)		650,000				
1169	Penal Facilities Inspection	256,366						256,366	256,366					256,366	
1169	PF Inspections Reduce to One Inspections Annually								(125,000)					(125,000)	
	Savings from Modernization of Human Resource Systems								(214,761)					(214,761)	
	Savings from More Efficient Technology Services								(199,378)					(199,378)	
	FY 04-05 Health Insurance & Pay Plan Allocation	6,286,047						6,286,047	6,286,047					6,286,047	
1170	Administration & Support	10,706,068	1,099,570	901,540				12,707,178	10,706,068	2,348,568	3,083,243			16,137,879	
	<b>Total</b>	<b>279,069,513</b>	<b>16,174,125</b>	<b>56,200,800</b>	<b>7,018,856</b>			<b>358,463,294</b>	<b>290,225,369</b>	<b>16,604,212</b>	<b>59,032,503</b>			<b>365,862,084</b>	<b>11,179,500</b>
<b>Probation, Parole &amp; Pardon Serv</b>															
1172	Community Supervision - Regular	13,571,101	171,054	17,871,585	1,865,077			33,478,817	15,436,178	439,543	17,580,010			33,455,731	
1173	Community Supervision - Intensive	416,347		533,755				950,102	416,347		533,755			950,102	
1177	Parole Board Support	718,021		173,906				891,927	718,021		401,105			1,119,126	
1175	Residential Programs			1,836,787				1,836,787			2,612,739			2,612,739	
1176	Statewide Emergency Operations Plan	187,446		323,782				511,228	187,446		249,744			437,190	
1178	Parole Board	272,373		35,184				307,557	272,373		35,184			307,557	
1174	Victim Services			173,270				173,270			176,579			176,579	
1179	Core Administration	1,259,420		927,956				2,187,376	1,259,420		787,109			2,046,529	
	FY 04-05 Health Insurance & Pay Plan Allocation	550,312						550,312	550,312					550,312	
	Savings from Modernization of Human Resource Systems								(25,687)					(25,687)	
	Savings from More Efficient Technology Services								(117,136)					(117,136)	
1179	Admin savings from office consolidation								(1,114,633)					(1,114,633)	
	<b>Total</b>	<b>16,975,020</b>	<b>171,054</b>	<b>21,876,225</b>	<b>1,865,077</b>			<b>40,887,376</b>	<b>17,582,641</b>	<b>439,543</b>	<b>22,376,225</b>			<b>40,398,409</b>	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
<b>Department of Juvenile Justice</b>															
----	Better Utilization of State-owned and Leased Real Estate								(100,000)					(100,000)	
1180	<b>Incarceration Services</b>	17,095,340	382,399	84,338				17,562,077	20,243,242	352,342	89,338			20,684,922	
	General Fund savings as activity will be funded by counties with juveniles under county detention								(2,737,500)		2,737,500				
1180	Incarceration Services								456,765					456,765	
1180	Construction of One New Dorm														2,300,000
1180	Major Deferred Maintenance														525,000
	CRF Information Technology Upgrades														2,646,000
1181	<b>Alternative Residential Placement Services</b>	14,631,158	400,570	9,850,080				24,881,808	22,457,822	370,513	2,583,031			25,411,366	
1182	Evaluation Services	10,759,849	382,399	3,507,695				14,649,943	10,759,849	352,342	3,507,695			14,619,886	
	General Fund savings based upon local school district funding of students at DJJ								(4,527,900)		4,527,900				
1185	Educational Services	4,864,352	1,361,041	5,206,128				11,431,521	4,864,352	1,272,046	5,094,518			11,230,916	
1186	<b>Other Community Services</b>	10,770,045	285,127	2,741,672				13,796,844	11,379,869	305,303	2,741,672			14,426,844	
1183	Detention Services	237,148	382,399	3,615,145				4,234,692	237,148	352,342	3,615,145			4,204,635	
1184	Medical Services	3,845,192	30,057	158,000				4,033,249	3,845,192		158,000			4,003,192	
1187	Prevention and Diversion Services	708,598	30,057	505,400				1,244,055	708,598		505,400			1,213,998	
1190	Parole Board	709,045						709,045	709,045					709,045	
	DJJ & PPP- Parole Board Function - Combine Parole Boards								(425,000)					(425,000)	
1188	Volunteer Services	8,818	30,057	5,000				43,875	8,818		5,000			13,818	
1189	Victim Services	166,677	30,057	5,000				201,734	166,677		5,000			171,677	
	Savings from Modernization of Human Resource Systems								(145,531)					(145,531)	
	Savings from More Efficient Technology Services								(81,709)					(81,709)	
	FY 04-05 Health Insurance & Pay Plan Allocation	1,302,557						1,302,557	1,302,557					1,302,557	
1191	Administrative Services	3,431,353		5,000				3,436,353	3,431,353		5,723			3,437,076	
	<b>Total</b>	<b>68,530,132</b>	<b>3,314,163</b>	<b>25,683,458</b>				<b>97,527,753</b>	<b>72,553,647</b>	<b>3,004,888</b>	<b>25,575,922</b>			<b>101,134,457</b>	<b>5,471,000</b>
<b>Forestry Commission</b>															
1192	<b>Wildland Fire Suppression</b>	9,367,109	1,058,415	251,000	940,296			11,616,820	10,307,405	1,058,415	251,000			11,616,820	
1192	Firefighting Equipment														1,100,000
1193	Wildland Fire Prevention	273,990	495,303	78,000				847,293	273,990	495,303	78,000			847,293	
1202	Forestry Best Management Practices		230,000	137,652				367,652		230,000	137,652			367,652	
1195	Forest Health - (Insects and Disease)	10,000	793,254					803,254	10,000	1,611,462				1,621,462	
1200	Forest Resource Development	146,033	421,595	117,252				684,880	146,033	421,595	117,252			684,880	
1204	State Forest Resource Management			1,440,000				1,440,000			1,862,736			1,862,736	
1196	Forest Management Assistance	852,126	1,000,689	350,000				2,202,815	852,126	1,000,689	350,000			2,202,815	
1203	State Forest Education			160,000				160,000			160,000			160,000	
1197	Federal Grants to Local Entities		185,000					185,000		185,000				185,000	
1199	Community Forestry Assistance		600,452					600,452		600,452				600,452	
1205	Forestry Program Outreach	126,800	43,641					170,441	126,800	43,641				170,441	
1201	Nurseries and Tree Improvement		60,000	755,000				815,000		60,000	856,304			916,304	
1206	Administration	1,045,636			66,015			1,111,651	1,045,636					1,045,636	
	Savings from Modernization of Human Resource Systems								(14,645)					(14,645)	
	Savings from More Efficient Technology Services								(57,537)					(57,537)	
1206	Agency Consolidation								(440,742)					(440,742)	
1194	Law Enforcement - Timber Theft and Fraud	170,164		10,960				181,124			10,960			10,960	
1198	Forest Renewal Program Financial Assistance	200,000		552,596				752,596			552,596			552,596	
	FY 04-05 Health Insurance & Pay Plan Allocation	336,405						336,405	336,405					336,405	
	<b>Total</b>	<b>12,528,263</b>	<b>4,888,349</b>	<b>3,852,460</b>	<b>1,006,311</b>			<b>22,275,383</b>	<b>12,585,471</b>	<b>5,706,557</b>	<b>4,376,500</b>			<b>22,668,528</b>	<b>1,100,000</b>
<b>Department of Agriculture</b>															
1216	Marketing & Promotions	1,279,563	266,830	39,814				1,586,207	1,279,563	628,430	97,814			2,005,807	
1215	Consumer Services	488,934		312,323	620,542			1,421,799	488,934		354,493			843,427	
	General Fund Savings as Activity will be Funded from Gasoline Tax								(488,934)					(488,934)	
1215	Petroleum Inspection & Testing Program										1,109,476			1,109,476	
1217	Market Services		17,385	1,905,421				1,922,806		17,385	1,899,671			1,917,056	
1218	Inspection Services			1,931,496				1,931,496			2,131,938			2,131,938	
1214	Laboratory Services	1,358,693	5,000	201,037				1,564,730	1,358,693	5,000	161,037			1,524,730	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
1214	Eliminate Duplicative Testing of Milk within DHEC Jurisdiction								(60,000)						(60,000)	
1219	Market Bulletin			233,537				233,537			371,037				371,037	
1207	Soybean Board			342,546				342,546			718,996				718,996	
1208	Pork Board			65,000				65,000			65,000				65,000	
1209	Cotton Board			358,700				358,700			358,700				358,700	
1210	Peanut Board			34,350				34,350			34,350				34,350	
1211	Watermelon Board			20,000				20,000			20,000				20,000	
1212	Tobacco Board			83,000				83,000			83,000				83,000	
1213	S. C. Beef Board			323,000				323,000			323,000				323,000	
	Savings from More Efficient Technology Services								(15,046)						(15,046)	
	Savings from Reduced Cost for E-mail and Internet Services								(30,160)						(30,160)	
	FY 04-05 Health Insurance & Pay Plan Allocation	114,445						114,445	114,445						114,445	
1220	Administrative Services	1,338,525	11,385	83,814				1,433,724	1,338,525	11,285	37,514				1,387,324	
	Savings from Internally Reassigning Home Economics Activities								(25,000)						(25,000)	
	<b>Total</b>	<b>4,580,160</b>	<b>300,600</b>	<b>5,934,038</b>	<b>620,542</b>			<b>11,435,340</b>	<b>3,961,020</b>	<b>662,100</b>	<b>7,766,026</b>				<b>12,389,146</b>	
<b>Clemson PSA</b>																
1503	Livestock-Poultry Health Programs: Meat Inspection	1,321,901	1,321,901	80,000				2,723,802	1,454,091	1,311,900	80,000				2,845,991	
1504	Livestock-Poultry Health: Animal Health & Diagnostic Lab	565,440		149,366	336,353			1,051,159	848,160		149,366				997,526	
1496	Risk Management Systems for Agricultural Firms	665,738	447,741	77,257	61,160			1,251,896	665,738	447,741	77,257				1,190,736	
1481	BioEngineering Alliance	76,102			12,313			88,415	76,102						76,102	
1497	Integrated Pest Mgmt (IPM) for Agriculture & Forestry	943,791	344,936	141,635	72,528			1,502,890	943,791	344,936	141,635				1,430,362	
1507	Regulatory and Public Service: Pesticide Regulation	358,921	385,209	670,729	79,371			1,494,230	358,921	464,153	670,729				1,493,803	
1515	Household and Structural Pest Control and Pesticide Training	414,191	216,348	110,281	38,051			778,871	414,191	216,348	110,281				740,820	
1515	Pesticide Applicator Licenses - Achieve self sufficiency								(207,080)						(207,080)	
1482	Sustainable Ag. Production Systems: Horticultural Crops	2,515,028	927,779	373,558	216,556			4,032,921	2,515,028	927,779	373,558				3,816,365	
1482	Savings from Deferring to Golf Industry to Fund Golf Related Turfgrass Research								(145,200)						(145,200)	
1493	Agricultural Biosecurity	65,200	20,414	7,164	4,776			97,554	65,200	20,414	7,164				92,778	
1505	Regulatory and Public Service: Plant & Seed Certification	784,205	256,806	52,580	135,146			1,228,737	784,205	255,773	52,580				1,092,558	
1510	Sustainable Ag Production Sys: Animal Production Systems	2,839,766	1,057,791	420,830	244,163			4,562,550	2,839,766	1,057,791	420,830				4,318,387	
1514	Sustainable Agric. Production Systems: Agronomic Crops	3,570,126	1,354,018	557,462	306,396			5,788,002	3,570,126	1,354,018	557,462				5,481,606	
1495	Agricultural Biotechnology	1,020,274	319,454	24,628				1,364,356	1,020,274	319,454	24,628				1,364,356	
1508	4-H and Agricultural & Natural Resource Programs for Youth	4,038,410	1,292,774	2,149,624	234,535			7,715,343	4,038,410	1,292,774	2,149,624				7,480,808	
1488	Natl Res. & Environ. Research & Education	992,860	360,871	82,610	75,880			1,512,221	992,860	360,871	82,610				1,436,341	
1477	Agricultural Education Teachers' Salaries	403,825		162,195				566,020	403,825		276,533				680,358	
1502	Rural Community Economic Development	850,848	399,355	26,405	56,317			1,332,925	850,848	399,355	26,405				1,276,608	
1486	Natural Resources and Environmental Research and Education: Alternative Income Opportunities for Landowners	91,323	38,954	21,000	9,000			160,277	91,323	38,954	21,000				151,277	
1487	Natl Res. & Environ. Res. & Educ: Water Quality & Quantity	575,198	319,954	60,962	42,837			998,951	575,198	319,954	60,962				956,114	
1489	Sustainable Ag. Production Systems: Nutraceutical Crops	359,813	112,660	37,269	28,617			538,359	359,813	112,660	37,269				509,742	
1491	Reducing the Impact of Animal Agriculture on Environment	272,310	147,001	63,716	21,985			505,012	272,310	147,001	63,716				483,027	
1509	Food Safety and Nutrition	2,879,970	1,989,625	45,892	254,409			5,169,896	2,879,970	1,989,625	45,892				4,915,487	
1512	Growth and Population Research and Education	14,536	7,593	3,756	1,450			27,335	14,536	7,593	3,756				25,885	
1475	Rural Community Enhancement and Improvement	248,865	182,226	90,139	34,798			556,028	248,865	182,226	90,139				521,230	
1490	Sustainable Ag. Production Systems: Organic Crops	74,036	29,324	12,213	6,482			122,055	74,036	29,324	12,213				115,573	
1501	NR&EnvRes&Ed: Coastal Natural Hazards	76,349	39,879	19,727	7,615			143,570	76,349	39,879	19,727				135,955	
1506	Boll Weevil Eradication Programs	134,974						134,974	134,974						134,974	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery		Total Funds
1483	The South Carolina Institute for Energy Studies	63,337			10,960			74,297	63,337					63,337	
1478	Administration	3,941,935	412,619	314,063	170,013			4,838,630	3,941,935	412,619	314,063			4,688,617	
1474	Nat Res&Env Resch & Ed: Master Wildlifer/Master Naturalist	114,522	59,819	29,590	11,423			215,354		59,819	29,590			89,409	
1476	Gov't & Public Affairs Research & Education	188,989	98,702	48,825	18,849			355,365		98,702	48,825			147,527	
1479	Distance Education: Radio Productions	82,048		35,149				117,197			35,149			35,149	
1480	Distance Education: Television, Web and Print Productions	1,156,893						1,156,893							
1484	Rural Community Leadership Development	373,298	273,339	135,209	52,197			834,043		273,339	135,209			408,548	
1485	N. R. & Env.Research & Educ.: Recreation and Tourism	99,547	60,849	28,318	10,038			198,752		60,849	28,318			89,167	
1492	Agro Medicine (pass-thru) General Fund Savings from Eliminating Pass Throughs	177,247			26,837			204,084							
1494	Environmental Horticulture Education	308,056	160,909	82,022	28,300			579,287		160,909	82,022			242,931	
1498	Sustainable Forestry Mgmt & Environ. Enhancement	1,885,723	485,246	195,565	106,214			2,672,748		485,246	195,565			680,811	
1499	Natl Res & Environ Research & Educ: Nuisance Species	114,522	59,819	29,590	11,423			215,354		59,819	29,590			89,409	
1500	Rural Community Public Issues Education	72,680	37,964	18,779	7,250			136,673		37,964	18,779			56,743	
1511	NR&EnvRes&Educ: Urban Wildlife	28,630	14,955	7,397	2,856			53,838		14,955	7,397			22,352	
1513	Community and Economic Affairs Research and Education	159,897	83,420	41,311	15,949			300,577		83,420	41,311			124,731	
	FY 04-05 Health Insurance & Pay Plan Allocation	1,133,763						1,133,763	1,133,763					1,133,763	
	<b>Total</b>	<b>36,055,087</b>	<b>13,320,254</b>	<b>6,406,816</b>	<b>2,753,047</b>			<b>58,535,204</b>	<b>31,355,665</b>	<b>13,388,164</b>	<b>6,521,154</b>			<b>51,264,983</b>	
<b>South Carolina State PSA</b>															
1222	Nutrition Education, Diet, and Health	384,514	392,592					777,106	384,514	392,592				777,106	
1221	Sustainable Agriculture, Natl Res & Environment	481,915	688,452					1,170,367	481,915	688,452				1,170,367	
1224	Community Leadership and Economic Development	440,772	629,675					1,070,447	440,772	629,675				1,070,447	
1223	Youth and Family Development	526,607	752,296					1,278,903	276,607	752,296				1,028,903	
	FY 04-05 Health Insurance & Pay Plan Allocation	13,876						13,876	13,876					13,876	
1225	Administration	125,520	492,602		152,013			770,135	125,520	492,602				618,122	
	<b>Total</b>	<b>1,973,204</b>	<b>2,955,617</b>		<b>152,013</b>			<b>5,080,834</b>	<b>1,723,204</b>	<b>2,955,617</b>				<b>4,678,821</b>	
<b>Department of Natural Resources</b>															
1261	Hydrology Section	1,073,777						1,073,777	1,073,777		466,350			1,540,127	
1227	Marine Shellfish Monitoring and Management	272,013	203,154	408,275				883,442	272,013	203,154	408,275			883,442	
1228	Marine Finfish Monitoring and Management	688,959	2,022,945	576,914				3,288,818	688,959	2,022,945	576,914			3,288,818	
	Monitoring & Managing of Marine Crustacean Resources	450,357	318,597	164,021				932,975	450,357	318,597	164,021			932,975	
1232	Marine Environmental Monitoring and Management	514,352	1,333,944	253,849				2,102,145	514,352	1,333,944	1,588,328			3,436,624	
1237	Provide public information	467,568						467,568	467,568					467,568	
1238	Provide outreach and education services	344,557	106,563	35,850				486,970	344,557	106,563	35,850			486,970	
1238	Replacement of General Funds with Other Funds from License Revenue								(185,107)		185,107				
1242	Wildlife Regional Operations		2,051,336	4,336,591	165,131			6,553,058		10,341,665	5,411,110			15,752,775	
1244	District Operations		1,842,977	618,789	165,131			2,626,897		1,842,977	618,789			2,461,766	
1253	Enforce boating safety laws & investigate boating accidents		1,208,271					1,208,271		1,792,459				1,792,459	
1253	Additional Wildlife Officers										1,500,000			1,500,000	
1256	Heritage Trust Program	241,482	27,137	346,674	165,131			780,424	241,482	242,861	445,377			929,720	
1258	South Carolina State Climatology Office (SCO)	240,944						240,944	240,944					240,944	
1248	Provide aviation services			658,000				658,000			658,000			658,000	
1226	Environmental Conservation	938,919	4,785,792	1,119,633				6,844,344	938,919	4,785,792	1,119,633			6,844,344	
1234	Game and fish licensing (Charleston Office)	8,326		49,227				57,553	8,326		49,227			57,553	
1235	Game and fish licensing (Columbia Office)	67,490		438,102				505,592	67,490		438,102			505,592	
1243	Statewide Projects - Wildlife Section	240,124	834,669	2,134,674	165,131			3,374,598	240,124	834,669	2,134,674			3,209,467	
1247	<b>Enforce game, fish and related natural resource laws</b>	<b>5,548,009</b>	<b>1,135,653</b>	<b>6,131,253</b>	<b>990,786</b>			<b>13,805,701</b>	<b>6,538,795</b>	<b>799,260</b>	<b>9,346,496</b>			<b>16,684,551</b>	
1241	Provide registration & titling of watercraft & outboard motors			1,873,491				1,873,491			2,873,491			2,873,491	
1245	Hatchery Operations		330,137	1,391,157				1,721,294		607,222	1,391,157			1,998,379	
1257	Conservation Districts	1,460,789	150,000					1,610,789	1,460,789	3,295,000				4,755,789	
1259	Southeast Regional Climate Center (SERCC)	25,000	150,000	300,000				475,000	25,000	150,000	724,150			899,150	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding						FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	
1250	Maintain a victim's assistance program		41,102				41,102		41,102				41,102	
1254	Purchase law enforcement equipment			990,786			990,786			990,786			990,786	
1231	Marine Education and Outreach	386,736	68,965	91,218			546,919	386,736	68,965	91,218			546,919	
1233	Special Marine Projects	107,920	411,343	40,859			560,122	107,920	3,578,353	40,859			3,727,132	
1239	South Carolina Wildlife (SCW) Magazine			1,041,484			1,041,484			1,041,484			1,041,484	
1240	Manage and grow the Wildlife Shop			396,052			396,052			396,052			396,052	
1249	Provide staff develop. & training to law enforcement officers.	150,000					150,000	150,000					150,000	
1252	Provide hunter education and promote hunter safety		663,327	185,107			848,434		663,327				663,327	
1252	Revenue from a \$17 Fee for Hunter Education									185,107			185,107	
1255	Provide boating access facility assistance			358,243			358,243			358,243			358,243	
1260	Geological Survey	490,859	200,000				690,859	490,859	200,000				690,859	
1246	Rediversion	32,236	201,765				234,001	32,236	201,765	264,161			498,162	
1251	Services provided through County Funds			1,003,687			1,003,687							
1251	Competitive Grants Program									2,000,000			2,000,000	
1251	Boating Access									500,000			500,000	
1236	Agency Support Services (Administration)	3,603,322		1,465,039			5,068,361	3,603,322		1,015,039			4,618,361	
	Savings from Modernization of Human Resource Systems							(25,727)					(25,727)	
	Savings from More Efficient Technology Services							(52,096)					(52,096)	
1236	Agency Consolidation							(900,206)					(900,206)	
1230	Maniculture Aquaculture	936,821	675,407	246,330			1,858,558		675,407	246,330			921,737	
	FY 04-05 Health Insurance & Pay Plan Allocation	506,280					506,280	506,280					506,280	
	<b>Total</b>	<b>18,796,840</b>	<b>18,763,084</b>	<b>26,655,305</b>	<b>1,651,310</b>		<b>65,866,539</b>	<b>17,687,669</b>	<b>34,106,027</b>	<b>37,264,330</b>			<b>89,058,026</b>	
<b>Sea Grant Consortium</b>														
1262	Research and Education		6,194,456	73,242			6,267,698		6,814,456	59,742			6,874,198	
1263	Communications	74,044	113,222	25,000			212,266	74,044	113,222	25,000			212,266	
1264	Sea Grant Extension Program		297,322				297,322		297,322				297,322	
	Savings from Modernization of Human Resource Systems							(396)					(396)	
	Savings from More Efficient Technology Services							(4,148)					(4,148)	
	FY 04-05 Health Insurance & Pay Plan Allocation	10,186					10,186	10,186					10,186	
1265	Administration	280,120	160,000	51,758	78,314		570,192	280,120	160,000	51,758			491,878	
	<b>Total</b>	<b>364,350</b>	<b>6,765,000</b>	<b>150,000</b>	<b>78,314</b>		<b>7,357,664</b>	<b>359,806</b>	<b>7,385,000</b>	<b>136,500</b>			<b>7,881,306</b>	
<b>Dept of Parks, Recreation &amp; Tourism</b>														
1276	Marketing & Sales	763,862		400,000			1,163,862	763,862		400,000			1,163,862	
1274	<b>Media Placement &amp; Productions</b>	<b>9,279,640</b>		<b>600,000</b>	<b>1,998,501</b>		<b>11,878,141</b>	<b>11,278,141</b>		<b>600,000</b>			<b>11,878,141</b>	
1274	Savings from Renegotiating Rate from 14% to 9.5%							(400,000)					(400,000)	
	Savings from Eliminating Practice of Off-line Pass-Throughs Per Executive Order 2004-29							(952,500)					(952,500)	
1275	Tourism Marketing Partnership Program	3,136,302					3,136,302	3,801,345					3,801,345	
1270	Privatization of lodging units, restaurants, campgrounds, retail operations, and golf courses							(1,410,000)					(1,410,000)	
	Replacement of General Funds with Other Funds from Recreation and Grants							(1,000,000)		1,000,000				
1270	State Parks--Field Operations	6,784,394		16,262,104			23,046,498	6,784,394		16,262,104			23,046,498	
1277	Welcome Centers	2,228,723					2,228,723	2,228,723					2,228,723	
1288	Executive Office - Parks	885,344					885,344	885,344					885,344	
1279	Tourism Community & Economic Development	571,272		75,000			646,272	571,272		75,000			646,272	
1269	State Parks--Central Office Operations	806,850		296,040			1,102,890	806,850		296,040			1,102,890	
1278	Research & Policy Development	284,048					284,048	284,048					284,048	
1272	Recreation & Grants	156,120	1,938,815	2,000,000			4,094,935	156,120	1,938,815	1,850,000			3,944,935	
1272	Moratorium on Full Contribution to Parks & Recreation Development Fund Due to a \$1.1 million balance									(1,000,000)			(1,000,000)	
	Transfer of Grant Administration Costs From General Funds to Other Funds							(156,120)		150,000			(6,120)	
1273	Engineering	779,835					779,835	779,835					779,835	
	Moratorium on Annual Contribution to Recreation Land Trust due to a \$1.6 million balance							(385,000)					(385,000)	
1283	Palmetto Pride (Litter Control)			3,000,000			3,000,000			3,000,000			3,000,000	
1290	Communications - Parks	89,648					89,648	89,648					89,648	
1280	Heritage Corridor & Discovery Centers	183,775	1,241,865				1,425,640	183,775	1,241,865				1,425,640	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
1280	General Fund Savings from Match Requirement Met With Other Funds								(183,775)					(183,775)	
1271	Interpretive & Resource Management	492,927		88,856				581,783	492,927		88,856			581,783	
1281	SC Assoc of Tourism Regions	1,375,000						1,375,000	1,375,000					1,375,000	
1281	General Fund Savings from Correction of Duplicate Allocation								(125,000)					(125,000)	
1282	Palmetto Trails	90,820						90,820	90,820					90,820	
1282	Palmetto Trails May be Funded by Applying for a Portion of the \$200,000 Increase in the Federal SYMMS Recreation Trails Program								(90,820)					(90,820)	
1287	Pass Through Funds - Line Item: Contributions	377,586						377,586	377,586					377,586	
1287	General Fund Savings from Eliminating Pass Through Per Executive Order 2004-29 and Redirect 1/2 of savings to TMPP (#1275)								(377,586)					(377,586)	
1266	Executive Office - Tourism	695,629						695,629	695,629					695,629	
1267	Administration - Tourism	831,703						831,703	831,703					831,703	
1268	Communications-Tourism	70,439						70,439	70,439					70,439	
	Savings from More Efficient Technology Services								(47,187)					(47,187)	
1289	Administration - Parks	1,058,530		5,000				1,063,530	1,058,530		5,000			1,063,530	
1284	Pass Through Funds - Line Item: Canadian Day	85,000						85,000							
1285	Pass Through Funds - Line Item: Palmetto Bowl	380,000						380,000							
1286	Pass Through Funds Freedom Weekend Aloft	250,000						250,000							
	FY 04-05 Health Insurance & Pay Plan Allocation	465,751						465,751	465,751					465,751	
	<b>Total</b>	<b>32,123,198</b>	<b>3,180,680</b>	<b>22,727,000</b>	<b>1,998,501</b>			<b>60,029,379</b>	<b>28,943,754</b>	<b>3,180,680</b>	<b>22,727,000</b>			<b>54,851,434</b>	
<b>Department of Commerce</b>															
	Better Utilization of State-owned and Leased Real Estate								(70,000)					(70,000)	
1291	<b>Business Develop - Proj Management</b>	<b>1,500,418</b>						<b>1,500,418</b>	<b>1,780,418</b>					<b>1,780,418</b>	
1292	<b>Business Development-Marketing/ Research</b>	<b>756,271</b>		<b>400,000</b>				<b>1,156,271</b>	<b>1,176,271</b>					<b>1,176,271</b>	
	Capital Access Program - funded by Santee Cooper Contribution										3,000,000			3,000,000	
1295	Business Solutions - Small Business	487,594						487,594	487,594					487,594	
1299	Community Development Corporation - funded by Santee Cooper Contribution										1,000,000			1,000,000	
1299	Community Development Corporation	57,440						57,440	57,440					57,440	
1303	Grants and Incentives - Rural Infrastructure Fund			958,163				958,163			4,458,163			4,458,163	
1294	Business Solutions - International Trade	422,368		60,000				482,368	422,368		84,059			506,427	
1298	Community and Rural Development	358,859		541,837				900,696	358,859		905,706			1,264,565	
1300	Grants and Incentives - Highway Set Aside	56,444		18,000,000				18,056,444	56,444		18,286,928			18,343,372	
1302	Grants and Incentives - Tourism Infrastructure Fund			1,000,000				1,000,000			1,000,000			1,000,000	
1304	Grants and Incentives - CDBG		38,000,000					38,000,000		35,876,911				35,876,911	
1293	Business Development - Foreign Offices	645,840						645,840	645,840					645,840	
1301	Grants and Incentives - Enterprise Zone			400,000				400,000			603,379			603,379	
1296	Business Solutions - Film	482,542		72,000				554,542	482,542		72,000			554,542	
1306	Aeronautics - Airport Development	935,340	500,000	950,000				2,385,340	935,340	1,000,000	950,000			2,885,340	
1433	Workforce Invest. Act Transferred from Employment Security Commission									8,861,299				8,861,299	
1434	Workforce Invest. Act Transferred from Employment Security Commission									52,766,266				52,766,266	
1305	Aeronautics - Flight Operations	509,841		213,826				723,667	509,841					509,841	
1297	Business Solutions - Recycling			150,000				150,000			150,000			150,000	
1307	Agency Pass Through Spoleto/World Trade Center/World Trade Park & Education Ctr - Eliminate Pass Through	543,688						543,688							
1307	<b>Establish Competitive Grant Process for Economic Development</b>								<b>500,000</b>					<b>500,000</b>	
1308	Administration	2,768,308		254,000	589,527			3,611,835	2,768,308		31,765			2,800,073	
	FY 04-05 Health Insurance & Pay Plan Allocation	166,005						166,005	166,005					166,005	
	Savings from More Efficient Technology Services								(29,355)					(29,355)	
1308	Savings								(289,527)					(289,527)	
	<b>Total</b>	<b>9,690,958</b>	<b>38,500,000</b>	<b>22,599,826</b>	<b>989,527</b>			<b>71,780,311</b>	<b>9,958,388</b>	<b>98,504,476</b>	<b>30,542,000</b>			<b>139,004,864</b>	
<b>Jobs - Economic Dev. Authority</b>															
1310	CDBG Loan Fund - IRB Program		876,081					876,081		876,081				876,081	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund	
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds		
1311	Industrial Revenue Bond Program															
	<b>Total</b>		<b>876,081</b>					<b>876,081</b>		<b>876,081</b>				<b>876,081</b>		
<b>Patriots Pt Develop Authority</b>																
1312	Operations/Maintenance			2,354,970				2,354,970			2,354,970			2,354,970		
1313	Retail Operations			1,505,854				1,505,854			1,505,854			1,505,854		
1314	Education/Overnight Camping			996,499				996,499			996,499			996,499		
1316	Visitor Services			1,138,703				1,138,703			1,138,703			1,138,703		
1315	Collections			145,162				145,162			145,162			145,162		
1317	Administration			1,011,112				1,011,112			1,011,112			1,011,112		
	<b>Total</b>			<b>7,152,300</b>				<b>7,152,300</b>			<b>7,152,300</b>			<b>7,152,300</b>		
<b>SC Conservation Bank</b>																
1318	Grant and Loan programs			8,250,000				8,250,000			15,250,000			15,250,000		
	<b>Total</b>			<b>8,250,000</b>				<b>8,250,000</b>			<b>15,250,000</b>			<b>15,250,000</b>		
<b>Public Service Commission</b>																
1319	Utility Regulation			4,874,307				4,874,307			3,603,415			3,603,415		
1321	Administration			736,760				736,760			419,038			419,038		
	<b>Total</b>			<b>5,611,067</b>				<b>5,611,067</b>			<b>4,022,453</b>			<b>4,022,453</b>		
<b>Office of Regulatory Staff</b>																
1520	Utilities			1,938,601				1,938,601			2,381,113			2,381,113		
1521	Transportation			1,028,741				1,028,741			1,268,857			1,268,857		
1522	Telecommunications			908,806				908,806			1,203,825			1,203,825		
1523	Consumer Services			566,245				566,245			700,485			700,485		
1524	Dual Party - Assistance for Hearing Impaired			2,500,000				2,500,000			2,500,000			2,500,000		
1525	Administration			1,107,234				1,107,234			549,575			549,575		
	<b>Total</b>			<b>8,049,627</b>				<b>8,049,627</b>			<b>8,603,855</b>			<b>8,603,855</b>		
<b>Workers' Compensation Commission</b>																
1323	Administration	732,946		391,955	307,278			1,432,179	732,946		391,955			1,124,901		
	FY 04-05 Health Insurance & Pay Plan Allocation	86,458						86,458	86,458					86,458		
	Savings from More Efficient Technology Services								(17,659)					(17,659)		
1324	Adjudication	1,905,203		1,508,045				3,413,248	1,905,203		1,508,045			3,413,248		
	<b>Total</b>	<b>2,724,607</b>		<b>1,900,000</b>	<b>307,278</b>			<b>4,931,885</b>	<b>2,706,948</b>		<b>1,900,000</b>			<b>4,606,948</b>		
<b>State Accident Fund</b>																
1326	Workers' Compensation Insurance Services			5,426,339				5,426,339			5,479,268			5,479,268		
1325	Administration			1,202,539				1,202,539			1,210,658			1,210,658		
	<b>Total</b>			<b>6,628,878</b>				<b>6,628,878</b>			<b>6,689,926</b>			<b>6,689,926</b>		
<b>Patient's Compensation Fund</b>																
1331	Oversight Management			300,000				300,000			300,000			300,000		
1328	Risk Management Services			26,500				26,500			26,500			26,500		
1329	Claims Service			117,098				117,098			117,098			117,098		
1327	Membership Services			893,801				893,801			893,801			893,801		
1330	Administration			117,097				117,097			117,097			117,097		
	<b>Total</b>			<b>1,454,496</b>				<b>1,454,496</b>			<b>1,454,496</b>			<b>1,454,496</b>		
<b>Second Injury Fund</b>																
1333	Legal			310,111				310,111			316,320			316,320		
1334	Recoveries			94,348				94,348			95,900			95,900		
1332	Claims Administration			735,618				735,618			751,142			751,142		
1335	Administration			555,814				555,814			567,040			567,040		
	<b>Total</b>			<b>1,695,891</b>				<b>1,695,891</b>			<b>1,730,402</b>			<b>1,730,402</b>		
<b>Department of Insurance</b>																
1336	Solvency Monitoring	359,873		1,927,577				2,287,450	359,873		1,927,577			2,287,450		
	Savings from Implementing Desk Audit Fee for Financial Analysis								(125,000)					(125,000)		
1342	Captive Formation	315,271		471,722				786,993	315,271		831,908			1,147,179		
1337	Licensing	283,281		418,581				701,862	283,281		418,581			701,862		

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
1340	Form and Rate Review	520,847		21,794				542,641	520,847		21,794			542,641	
	Savings from Instituting a Fee for Filing Forms and Rates.								(250,000)					(250,000)	
1338	Taxation	169,456		7,617				177,073	169,456		157,417			326,873	
1339	Consumer Services	162,101		23,649	273,823			459,573	162,101		23,649			185,750	
1345	Legal and Investigations	587,634		19,907				607,541	587,634		19,907			607,541	
1343	Study the Health Insurance Market in SC		251,200					251,200							
1344	Executive Services	472,737		14,695				487,432	472,737		14,695			487,432	
1341	SC Reinsurance Facility			1,146,000				1,146,000			2,277,500			2,277,500	
	Savings from More Efficient Technology Services								(27,439)					(27,439)	
	FY 04-05 Health Insurance & Pay Plan Allocation	104,444						104,444	104,444					104,444	
1346	Administration	583,396		29,338				612,734	457,219					457,219	
	<b>Total</b>	<b>3,559,040</b>	<b>251,200</b>	<b>4,080,880</b>	<b>273,823</b>			<b>8,164,943</b>	<b>3,030,424</b>		<b>5,693,028</b>			<b>8,723,452</b>	
<b>Board of Financial Institutions</b>															
1347	Bank Examining			1,897,780				1,897,780			1,961,633			1,961,633	
1348	Consumer Finance			1,121,342				1,121,342			1,142,205			1,142,205	
	<b>Total</b>			<b>3,019,122</b>				<b>3,019,122</b>			<b>3,103,838</b>			<b>3,103,838</b>	
<b>Department of Consumer Affairs</b>															
1350	Legal Division	98,003	30,000	630,464	50,555			809,022	98,003	30,000	733,119			861,122	
1349	Consumer Services	365,303		104,823	30,445			500,571	365,303		76,762			442,065	
1351	Advocacy Division	271,662						271,662	271,662					271,662	
1352	Public Information	175,572		10,000				185,572	175,572		10,000			185,572	
	FY 04-05 Health Insurance & Pay Plan Allocation	40,484						40,484	40,484					40,484	
1353	Administration	571,620		296,713	37,098			905,431	571,620		355,619			927,239	
	Savings from More Efficient Technology Services								(8,893)					(8,893)	
	<b>Total</b>	<b>1,522,644</b>	<b>30,000</b>	<b>1,042,000</b>	<b>118,098</b>			<b>2,712,742</b>	<b>1,513,751</b>	<b>30,000</b>	<b>1,175,500</b>			<b>2,719,251</b>	
<b>Dept of Labor, Licensing &amp; Regulation</b>															
1398	Fire Training		158,176	4,823,476	45,000			5,026,652		158,176	4,823,476			4,981,652	
1356	Labor-Management Mediation	72,750						72,750	72,750					72,750	
1354	<b>Occupational Safety &amp; Health Program (OSHA)</b>	<b>1,712,020</b>	<b>2,473,830</b>		<b>225,307</b>			<b>4,411,157</b>	<b>1,762,020</b>	<b>2,473,830</b>				<b>4,235,850</b>	
1355	<b>Employment Standards</b>	<b>323,306</b>			<b>50,000</b>			<b>373,306</b>	<b>566,613</b>					<b>566,613</b>	
1357	Elevator and Amusement Ride Inspection	825,919			23,000			848,919	825,919					825,919	
	General Fund Savings from Activity Funded from Other Funds								(412,959)					(412,959)	
1358	Board of Chiropractic Examiners			135,000				135,000			135,000			135,000	
1359	Board of Medical Examiners			1,223,001				1,223,001			1,223,001			1,223,001	
1360	Board of Nursing			1,570,000				1,570,000			1,570,000			1,570,000	
1361	Board of Occupational Therapy			100,000				100,000			100,000			100,000	
1362	Board of Examiners in Opticianry			75,000				75,000			75,000			75,000	
1363	Board of Examiners in Optometry			85,000				85,000			85,000			85,000	
1364	Board of Physical Therapy			110,000				110,000			110,000			110,000	
1365	Board of Podiatry Examiners			7,500				7,500			7,500			7,500	
1366	Bd Examiners Licensure Prof Counselors, Marriage & Family Therapists & Psycho-Educational Spec			155,000				155,000			155,000			155,000	
1367	Board of Examiners in Psychology			100,000				100,000			100,000			100,000	
1368	Board of Social Work Examiners			150,000				150,000			150,000			150,000	
1369	Board of Speech-Language Pathology and Audiology			85,000				85,000			85,000			85,000	
1370	Board of Veterinary Medical Examiners			110,000				110,000			110,000			110,000	
1371	Board of Architectural Examiners			275,000				275,000			275,000			275,000	
1372	Building Codes Council	161,342		175,000				336,342	161,342		175,000			336,342	
	General Fund Savings from Activity Funded from Other Funds								(80,671)					(80,671)	
1373	Contractors Licensing Board			950,000				950,000			950,000			950,000	
1374	Bd of Regis for Professional Engineers & Land Surveyors			675,000				675,000			675,000			675,000	
1375	Environmental Certification Board			475,000				475,000			475,000			475,000	
1376	Manufactured Housing Board	85,000		125,000				210,000	85,000		125,000			210,000	
	General Fund Savings from Activity Funded from Other Funds								(42,500)					(42,500)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
1399	Administration	562,140		2,947,282				3,509,422	562,140		2,947,282			3,509,422	
1377	Board of Pyrotechnic Safety	35,000						35,000							
1378	Real Estate Commission			1,150,000				1,150,000			1,150,000			1,150,000	
1379	Real Estate Appraisers Board			450,000				450,000			450,000			450,000	
1380	Residential Builders Commission			1,100,000				1,100,000			1,100,000			1,100,000	
1381	Board of Accountancy			375,000				375,000			375,000			375,000	
1382	State Athletic Commission			45,000				45,000			45,000			45,000	
1384	Board of Barber Examiners			325,000				325,000			325,000			325,000	
1385	Board of Cosmetology			650,000				650,000			650,000			650,000	
1386	Board of Dentistry			500,000				500,000			500,000			500,000	
1388	Board of Funeral Service			175,000				175,000			175,000			175,000	
1390	Board of Long Term Health Care Administrators			205,000				205,000			205,000			205,000	
1391	Massage Bodywork Therapy Panel			175,000				175,000			175,000			175,000	
1393	Board of Pharmacy			795,000				795,000			795,000			795,000	
1394	Pilotage Commission			5,000				5,000			5,000			5,000	
1395	State Fire Marshal's Office - Field Services			1,417,620				1,417,620			1,417,620			1,417,620	
1396	Fire Education			125,000				125,000			125,000			125,000	
1397	State Fire Marshal's Office - Engineering Section			385,000				385,000			385,000			385,000	
1383	Auctioneers Commission			150,000				150,000			150,000			150,000	
1387	Board of Registration for Foresters			45,000				45,000			45,000			45,000	
1389	Board of Registration for Geologists			65,000				65,000			65,000			65,000	
1392	Perpetual Care Cemetery Board			50,000				50,000			50,000			50,000	
	Savings from More Efficient Technology Services								(50,868)					(50,868)	
	FY 04-05 Health Insurance & Pay Plan Allocation	120,626						120,626						120,626	
	<b>Total</b>	<b>3,898,103</b>	<b>2,632,006</b>	<b>22,538,879</b>	<b>343,307</b>			<b>29,412,295</b>	<b>3,569,412</b>	<b>2,632,006</b>	<b>22,538,879</b>			<b>28,740,297</b>	
<b>Department of Motor Vehicles</b>															
1407	Compliance	1,823,884	1,750,492	9,117,664				12,692,040	1,823,884	1,712,221	10,198,409			13,734,514	
1401	Customer Service Centers	10,439,135		18,631,352				29,070,487	10,439,135		19,679,912			30,119,047	
1402	Customer Service Delivery / Alternative Media	387,229		151,649				538,878	387,229		3,958,053			4,345,282	
1404	Customer Service Delivery / Titles	446,315		1,467,573				1,913,888	446,315		1,467,573			1,913,888	
1406	Customer Service Delivery / Product Development	2,034,684		3,596,360	1,937,247			7,568,291	2,034,684		3,068,215			5,102,899	
1405	Customer Service Delivery / Call Center	309,596		1,416,228				1,725,824	309,596		1,416,228			1,725,824	
	Customer Service Delivery / Serv. Centers Hdqtrs Support	888,936		4,518,463				5,407,399	888,936		4,518,463			5,407,399	
1408	Driver Improvement and Medical Review	377,247		69,552				446,799	377,247		69,552			446,799	
1411	State Highway Fuel Tax Funding			847,518				847,518			847,518			847,518	
	NEW Set-up Costs for Boat Titling & Registration Functions														450,000
1409	Administrative Hearings	253,901		123,130				377,031	253,901		123,130			377,031	
1409	Administrative Hearings								(253,901)		(123,130)			(377,031)	
1410	Dealer Licensing, Regulation, and Enforcement	652,208		61,278				713,486			61,278			61,278	
1412	Highway Safety Statistical Data Entry			163,079				163,079			163,079			163,079	
	Hwy Safety Data Entry - Savings Service Provided by DPS/Corrections										(163,079)			(163,079)	
1400	Administration	1,509,099		1,556,899				3,065,998	1,509,099		3,738,602			5,247,701	
	FY 04-05 Health Insurance & Pay Plan Allocation	799,293						799,293						799,293	
	Savings from Modernization of Human Resource Systems								(41,955)					(41,955)	
	Savings from More Efficient Technology Services								(323,757)					(323,757)	
	General Fund savings realized from rent reduction by DMV move to DPS facility								(280,255)					(280,255)	
	Increase in Collections from Uninsured Motorists and Other Collections Will Allow Reduction in General Funds								(6,000,000)					(6,000,000)	
	<b>Total</b>	<b>19,921,527</b>	<b>1,750,492</b>	<b>41,720,745</b>	<b>1,937,247</b>			<b>65,330,011</b>	<b>12,369,451</b>	<b>1,712,221</b>	<b>49,023,803</b>			<b>63,105,475</b>	<b>450,000</b>
<b>Department of Revenue</b>															
1413	Collections	5,783,707		1,295,400				7,079,107	5,783,707		1,323,354			7,107,061	
	General Fund Savings from Increased Collections from Penalties								(400,000)					(400,000)	
1414	Compliance	10,410,672		2,331,720				12,742,392	10,410,672		4,731,720			15,142,392	
	Funds Were for One-Time Technology Expenses Associated with Enforced Collections								(1,250,000)					(1,250,000)	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
1415	Processing	4,241,385		949,960				5,191,345	4,241,385		949,960			5,191,345	
1420	Technology Services	6,940,448		1,554,480				8,494,928	6,940,448		1,554,480			8,494,928	
	Funds Were for One-Time Technology Expenses Associated with Enforced Collections								(1,750,000)					(1,750,000)	
1417	Legal	1,542,321		345,440				1,887,761	1,542,321		645,440			2,187,761	
1416	Taxpayer Assistance	3,470,224		777,240				4,247,464	3,470,224		777,240			4,247,464	
1418	Property	1,542,321		345,440				1,887,761	1,542,321		345,440			1,887,761	
1419	Regulatory	771,161		172,720				943,881	771,161		172,720			943,881	
	Savings from Modernization of Human Resource Systems								(24,381)					(24,381)	
	Savings from More Efficient Technology Services								(313,126)					(313,126)	
	Recurring Savings from Repayment of Revenue Bonds								(1,045,060)					(1,045,060)	
	FY 04-05 Health Insurance & Pay Plan Allocation	781,355						781,355	781,355					781,355	
1421	Administrative Support	3,855,805		863,600				4,719,405	3,855,805		896,646			4,752,451	
	<b>Total</b>	<b>39,339,399</b>		<b>8,636,000</b>				<b>47,975,399</b>	<b>34,556,832</b>		<b>11,397,000</b>			<b>45,953,832</b>	
<b>State Ethics Commission</b>															
1423	Campaign Finance	30,818		20,000				50,818	30,818		20,000			50,818	
1422	Lobbying Activities	23,200		20,000				43,200	23,200		20,000			43,200	
1424	Financial Disclosure	30,818		20,000				50,818	30,818		20,000			50,818	
1425	Enforcement	113,445		20,000				133,445	113,445		20,000			133,445	
	Savings from More Efficient Technology Services								(3,092)					(3,092)	
	Savings from Reduced Cost for E-mail and Internet Services								(4,640)					(4,640)	
	FY 04-05 Health Insurance & Pay Plan Allocation	11,603						11,603	11,603					11,603	
1426	Electronic Filing System			20,000	26,804			201,508			20,000			192,704	300,000
1426	<b>Administration</b>	<b>154,704</b>		<b>20,000</b>	<b>26,804</b>			<b>201,508</b>	<b>172,704</b>		<b>20,000</b>			<b>192,704</b>	
	<b>Total</b>	<b>364,588</b>		<b>100,000</b>	<b>26,804</b>			<b>491,392</b>	<b>374,856</b>		<b>100,000</b>			<b>474,856</b>	<b>300,000</b>
<b>Employment Security Commission</b>															
1431	Unemployment Insurance (UI)		41,437,385	1,934,326	13,185			43,384,896		40,533,794	1,795,530			42,329,324	
1430	Labor Market Information Department		1,402,886	124,307				1,527,193		1,402,886	124,307			1,527,193	
1428	Employment Services		13,514,959	4,858,514				18,373,473		13,115,866	3,380,564			16,496,430	
1433	Workforce Invest. Act Transfer to Department of Commerce		9,671,731					9,671,731							
1434	Workforce Investment Act Transfer to Department of Commerce		52,766,266					52,766,266							
1432	SC Occupational Information	130,724	117,540	537,999				786,263	130,724	147,389	534,572			812,685	
1429	Welfare to Work Federal Grant Ended FY 04-05		1,200,000	600,000				1,800,000		1,200,000	600,000			1,800,000	
	Savings from Modernization of Human Resource Systems								(39,620)					(39,620)	
	Savings from More Efficient Technology Services								(61,936)					(61,936)	
1427	Administration		9,472,751	1,719,466				11,192,217		10,254,926	1,789,826			12,044,752	
	<b>Total</b>	<b>130,724</b>	<b>129,583,518</b>	<b>9,774,612</b>	<b>13,185</b>			<b>139,502,039</b>	<b>29,168</b>	<b>66,654,861</b>	<b>8,224,799</b>			<b>74,908,828</b>	
<b>Procurement Review Panel</b>															
1435	Administration	22,468						22,468							
	FY 04-05 Health Insurance & Pay Plan Allocation	2,524						2,524							
1436	Hearings	85,957		3,000				88,957							
	<b>Total</b>	<b>110,949</b>		<b>3,000</b>				<b>113,949</b>							
<b>Department of Transportation</b>															
1451	Mass Transit	100,990						100,990							
	Highway Transportation Fund										1,202,303,484			1,202,303,484	
	Funds directed to the Department of Agriculture for petroleum inspection and testing program per statute 12-28-2355										(1,109,476)			(1,109,476)	
	Funds from increased collections associated with the new automated tracking system at D.O.R. directed to D.P.S. for size and weight enforcement, dyed fuel inspection and enforcement of commercial motor vehicle laws.										(3,500,000)			(3,500,000)	
	<b>Total</b>	<b>100,990</b>		<b>1,139,902,672</b>				<b>1,140,003,662</b>			<b>1,197,694,008</b>			<b>1,197,694,008</b>	

## FY 2005-06 Governor's Purchase Plan

Activity Number	Agency Name	FY 2004-05 Agency Funding							FY 2005-06 Governor's Purchase Plan						FY 04-05 Capital Reserve Fund
		General Funds	Federal Funds	Other Funds	Maybank Funding	EIA	Lottery	Total Funds	General Funds	Federal Funds	Other Funds	EIA	Lottery	Total Funds	
<b>Infrastructure Bank Board</b>															
	Other Funds - Fees & Receipts			125,371,800				125,371,800			110,372,200			110,372,200	
	<b>Total</b>			<b>125,371,800</b>				<b>125,371,800</b>			<b>110,372,200</b>			<b>110,372,200</b>	
<b>County Transportation Funds</b>															
	Other Funds - Gasoline Tax			74,500,000				74,500,000			80,000,000			80,000,000	
	<b>Total</b>			<b>74,500,000</b>				<b>74,500,000</b>			<b>80,000,000</b>			<b>80,000,000</b>	
<b>Debt Service</b>															
1459	Debt Service	227,973,608						227,973,608	239,973,608					239,973,608	
1459	Recurring Savings from Early Repayment of Debt								(7,647,000)					(7,647,000)	
1459	Repayment of Various Real Estate & General Obligation Bonds														45,300,000
	<b>Total</b>	<b>227,973,608</b>						<b>227,973,608</b>	<b>232,326,608</b>					<b>232,326,608</b>	<b>45,300,000</b>
<b>Aid to Subdivisions - Compt. General</b>															
1460	Pay Supplements	2,424,395			149,111			2,573,506	2,424,395					2,424,395	
	FY 04-05 Health Insurance & Pay Plan Allocation	62,893						62,893	62,893					62,893	
	<b>Total</b>	<b>2,487,288</b>			<b>149,111</b>			<b>2,636,399</b>	<b>2,487,288</b>					<b>2,487,288</b>	
<b>Aid to Subdivisions - State Treasurer</b>															
59	Veterans Affairs	318,635						318,635	318,635					318,635	
1461	Aid to Subdivisions	228,940,578			458,105			229,398,683	228,940,578					228,940,578	
	<b>Total</b>	<b>229,259,213</b>			<b>458,105</b>			<b>229,717,318</b>	<b>229,259,213</b>					<b>229,259,213</b>	
<b>Ports Authority</b>															
1470	Harbor Dredging	2,400,000	7,200,000					9,600,000	2,400,000	7,200,000				9,600,000	
	<b>Total</b>	<b>2,400,000</b>	<b>7,200,000</b>					<b>9,600,000</b>	<b>2,400,000</b>	<b>7,200,000</b>				<b>9,600,000</b>	
<b>Grand Total</b>		<b>5,222,408,712</b>	<b>5,732,990,842</b>	<b>4,981,306,552</b>	<b>90,000,000</b>	<b>552,502,240</b>	<b>340,867,395</b>	<b>16,920,075,741</b>	<b>5,308,118,599</b>	<b>6,118,914,082</b>	<b>5,373,546,493</b>	<b>590,247,187</b>	<b>301,328,000</b>	<b>17,692,154,360</b>	<b>99,356,026</b>

## Executive Budget Savings

## Improve K-12 Student Performance

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
812	Governor's School for Arts and Humanities	Administration	Consolidate all special school administrations and ETV administration. The consolidation of these administrative functions will reduce duplication and allow for greater efficiencies.	(65,025)	General Funds
816	Governor's School for Math and Science	Administration	Consolidate all special school administrations and ETV administration. The consolidation of these administrative functions will reduce duplication and allow for greater efficiencies.	(45,633)	General Funds
831	ETV	Administration	Consolidate all special school administrations and ETV administration. The consolidation of these administrative functions will reduce duplication and allow for greater efficiencies.	(649,378)	General Funds
832	Wil Lou Gray Opportunity School	Administration	Consolidate all special school administrations and ETV administration. The consolidation of these administrative functions will reduce duplication and allow for greater efficiencies.	(92,597)	General Funds
855	School for the Deaf and the Blind	Administration	Consolidate all special school administrations and ETV administration. The consolidation of these administrative functions will reduce duplication and allow for greater efficiencies.	(335,155)	General Funds
1122	John de la Howe School	Administration	Consolidate all special school administrations and ETV administration. The consolidation of these administrative functions will reduce duplication and allow for greater efficiencies.	(113,431)	General Funds
824	ETV	Agency Fundraising	Improve ETV's fundraising efforts done through the ETV Endowment. Currently, ETV Endowment raises almost \$3.5 million each year for educational services done through ETV. Specifically, we suggest that ETV formulate a strong campaign with the goal of raising an additional \$369,488. This will reduce the burden on the General Fund by an equal \$369,488.	(369,488)	General Funds
814	Governor's School for Math and Science	Life in Residence	Require both Governor's schools to pay the same in fees. This would increase fees for the Gov's School for Math and Science by \$2,000. The \$250,000 generated in new dollars will offset the General Fund by the same amount.	(250,000)	General Funds
759	State Department of Education	Student Assessment Reform	Adopt a more effective and efficient means of testing - reflecting the practice seen in other states - such as Idaho and Georgia - could create savings of \$2,688,644 to be redirected to the Base Student Cost.	(2,688,644)	General Funds
723	State Department of Education	Teacher Specialist	Reduce funding for alternative technical assistance administration, which is largely made up of the Teacher Specialist program. There will be fewer low performing schools next year. In addition, due to recommended alternative options, more schools will choose other programs such as TAP or school management providers and therefore, will need less administrative support. Currently, there also are 20 administrative employees supporting 200 Specialists.	(625,000)	Lottery
688	State Department of Education	National Board Certification	Offer the full bonus to teachers only if they are willing to teach in low performing schools as a more effective use of the National Board Certification (NBC). This will move a more qualified teacher to a district that is in more need of such a teacher. If a newly certified teacher does not teach in a low performing school, we recommend they only receive \$3,000. Newly certified teachers also will only be reimbursed for half of the \$2,300 application fee.	(1,380,000)	General Funds
745	State Department of Education	Teacher Education (TQC)	Eliminate funding for Teacher Quality Commission. This commission is no longer in operation.	(150,000)	EIA

746	State Department of Education	Teacher Evaluation (TQC)	Eliminate funding for Teacher Quality Commission. This commission is no longer in operation.	(110,000)	EIA
752	State Department of Education	Technology Support and Assistance (TQC)	Eliminate funding for Teacher Quality Commission. This commission is no longer in operation.	(283,821)	EIA
709	State Department of Education	Curriculum and Standards Services	Reduce funding to the Charleston Science & Mathematics Center for Curriculum Development at the SC Aquarium to direct state education funding to the classroom	(75,000)	General Funds
			<b>Savings Subtotal</b>	<b>(7,233,172)</b>	
<b>MAKING TOUGH CHOICES - BELOW THE LINE SAVINGS</b>					
1223	South Carolina State PSA	Youth and Family Development	Reallocate general funds for critical educational programs. SC State PSA's core mission is to deliver research-based programs to enhance agricultural and rural needs. However, the agency also funds many educational activities, including before- and after-school programs. While we understand the value of SC State PSA's education programs, we believe funding for this activity is better utilized to support existing educational programs by the Department of Education. Even with these duplications of service, SC State PSA's state funds increased by over 20 percent last year at a time when most agencies providing critical services saw a substantial decrease.	(250,000)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(250,000)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(7,483,172)</b>	

## Improve our Higher Education System and Cultural Resources

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
421	Francis Marion University	Omega Project	Eliminate pass through expenditure used solely to fund the Palmetto Project's voter initiative in the Pee Dee region. This is not a part of the University's core educational mission.	(56,147)	General Funds
537	USC-Salkehatchie	Leadership Center	Give local school districts the choice to fund this program designed for middle and high school students.	(100,460)	General Funds
531	USC-Salkehatchie	Public Service	Allow this small sum to be more effectively applied to academic programs within the higher education arena.	(5,374)	General Funds
221	Budget & Control Board	SC Leadership	Ask the private and civic sectors to support this direct contribution pass through.	(53,833)	General Funds
416	Francis Marion University	Intercollegiate Athletics	Reduce reliance on state appropriations for athletics over a three year period.	(122,167)	General Funds
293	Commission on Higher Education	Youth Leadership Conference	Focus expenditures on the CHE core mission, and ask the private sector to support this activity.	(50,000)	General Funds
296	Commission on Higher Education	Professor of the Year	Solicit funding through the private sector, or provide for a collaborative effort among the participating colleges and universities - both public and independent.	(14,850)	General Funds
285	Commission on Higher Education	Access and Equity	Reduce by 20% through increased scholarship availability.	(142,322)	General Funds
435	Lander University	Intercollegiate Athletics	Reduce reliance on state appropriations for athletics over a three year period.	(161,238)	General Funds
134	State Treasurer	SC Tuition Prepayment Program	Reform program to be self-supporting over next two years. Only allow new enrollment if the unfunded liability, currently in excess of \$33 million, is addressed. Reduce state appropriations over two years.	(55,733)	General Funds
863	Archives & History	Teaching American History in SC	Eliminate this appropriation which is less than 1% of the total program budget.	(2,422)	General Funds
649	State Tech Board	Trident Tech-Culinary Arts	Suspend funding for this program, as it was added by the General Assembly without appropriate program review. This is an example of our higher education governance structure's failings.	(775,000)	General Funds
877	Arts Commission	Community Arts Development	Reduce pass through grants and technical assistance to local art activities by 15%.	(186,187)	General Funds
374	University of Charleston	Public Service	Allow this small sum to be more effectively applied to academic programs within the higher education arena.	(66,653)	General Funds
540	USC-Sumter	Public Service	Allow this small sum to be more effectively applied to academic programs within the higher education arena.	(18,289)	General Funds
512	USC-Beaufort	Public Service	Allow this small sum to be more effectively applied to academic programs within the higher education arena.	(35,776)	General Funds
411	Francis Marion University	Public Service	Allow this small sum to be more effectively applied to academic programs within the higher education arena.	(16,914)	General Funds
426	Lander University	Academic Initiative	Restore \$287,500 to operating budget. This appropriation was originally used to accredit the School of Business, but that mission has been completed.	(287,500)	General Funds
637	Commission on Higher Education	Construction Trades	Apply funding more efficiently to other programs within higher education. Only seven students were in this program in the past three years.	(26,024)	General Funds
	Commission on Higher Education	Academic Program Review	Eliminate some programs/majors based on previous CHE recommendations.	(241,282)	General Funds
	University of South Carolina	Program Restructuring	Consolidate Institute for Archeology and Anthropology with the Department of Archives and History.	(496,812)	General Funds

	Statewide	Administration	Implement Administration standards for Four Year institutions & Tech Schools during a two-year phase in (see separate spreadsheet).	(1,616,966)	General Funds
	USC-Union	Reduce Under-utilized campuses	Phase out over three years.	(292,892)	General Funds
	USC -Salk	Reduce Under-utilized campuses	Phase out over three years.	(669,657)	General Funds
	University of South Carolina	Funding Source Change - Nanot.	Apply for endowed chairs or fund through SCRA contribution.	(1,000,000)	General Funds
	Clemson	Funding Source Change - Wireless	Apply for endowed chairs of fund through SCRA contribution.	(500,000)	General Funds
	Clemson	Collaboration and Cooperation	Reduce by 1% to encourage collaboration.	(847,236)	General Funds
	University of South Carolina	Collaboration and Cooperation	Reduce by 1% to encourage collaboration.	(1,473,658)	General Funds
	Medical University of South Carolina	Collaboration and Cooperation	Reduce by 1% to encourage collaboration.	(801,866)	General Funds
	Lottery	Endowed Chairs	Decrease appropriation to \$20 million - \$90 million has been budgeted over last three years, \$72.5 million has been awarded, but only \$17 million has been distributed.	(10,000,000)	
			<b>Savings Subtotal</b>	<b>(20,117,258)</b>	
<b>MAKING TOUGH CHOICES BELOW THE LINE SAVINGS</b>					
317	Higher Education Tuition Grants	SC Student Legislature	Provide funding through statewide civic organizations or private sector funds.	(17,780)	General Funds
290	Commission on Higher Education	Arts Program Tuition Assistance	Eliminate unnecessary funding for students attending the NC School of the Arts as we have established the SC Governor's School for the Arts in Greenville.	(10,274)	General Funds
383	University of Charleston	Governor's School Summer Program	Adjust program, due to long standing operation, to no longer require a State appropriation.	(288,018)	General Funds
345	The Citadel	Co-education Initiative	Restore \$832,500 to operating budget from program that has accomplished it's mission.	(277,500)	General Funds
862	Archives and History	National History Day Program	Divert funding for more effective statewide educational tools.	(54,496)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(648,068)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(20,765,326)</b>	

## Improve the Conditions for Economic Growth

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
239	Budget and Control Board	Local Government Infrastructure Grants	Combine with Rural Infrastructure Fund within Department of Commerce - there are eight FTEs in this program that could be reduced to a maximum of four after reviewing the program in further detail. GF dollars are half because of reduction in staff.	(134,841)	General Funds
1215	Department of Agriculture	Consumer Services - Petroleum Inspection & Testing Program	Use \$1.3 million of the gasoline tax pursuant to Code 12-28-2355 that states "for the purpose of providing funds for inspecting, testing, and analyzing petroleum products and for general state purposes, there must be paid to the department a charge of one-fourth cent a gallon ..." For further explanation, please see text.	(488,934)	General Funds
1220	Department of Agriculture	Administrative Services	Reassign home economics activities at the Department of Agriculture; eliminate one FTE through retirement in 12/05 for a first year savings of half the salary.	(25,000)	General Funds
1274	Department of Parks, Recreation and Tourism	Media Placement and Production	Realize \$400,000 in savings for placement rate dropping from 14% to 9.5%. Reduce out-of-hide pass through funds (\$952,500) by half and put half in grants program.	(876,250)	General Funds
1280	Department of Parks, Recreation and Tourism	Heritage Corridor & Discovery Centers	Eliminate general fund dollars and use dollars from another program for federal match.	(183,775)	General Funds
1281	Department of Parks, Recreation and Tourism	Pass Through Funds - SC Association of Tourism Regions	Reduce by \$125,000 because of duplicate allocation. The Historic Pendleton District region represents 3 counties (Anderson, Oconee and Pickens), which are also represented by the Discover Upcountry Country region.	(125,000)	General Funds
1287	Department of Parks, Recreation and Tourism	Pass Through Funds - Contributions	Eliminate pass through funds. Return half to general fund and put half in grants program. The full amount was used for competitive grants in FY 04-05 after the passage of Executive Order 2004-29.	(188,793)	General Funds
1307	Department of Commerce	Pass Through Funds	Establish competitive grants program with \$500,000. Realize savings of \$43,688. For futher explanation, please see text.	(43,688)	General Funds
1308	Department of Commerce	Administration	Consolidate office space.	(289,527)	General Funds
1336	Department of Insurance	Solvency Monitoring	Institute by proviso a \$250 desk audit fee for financial analysis.	(125,000)	General Funds
1340	Department of Insurance	Form and Rate Review	Institute by proviso a \$25 fee for filing forms and rates.	(250,000)	General Funds
1346	Department of Insurance	Administration	Realize administrative savings through a reorganization that will allow for the agency to delete existing vacancies.	(126,177)	General Funds
1357	Department of Labor, Licensing and Regulation	Elevator and Amusement Ride Inspection	Move activity to other funds - provide for a temporary source of funding for FY 05-06 until fees can be instituted and collected. Assume half year savings.	(412,959)	General Funds
1372	Department of Labor, Licensing and Regulation	Building Codes Council	Move activity to other funds - provide for a temporary source of funding for FY 05-06 until fees can be instituted and collected. Assume half year savings.	(80,671)	General Funds
1376	Department of Labor, Licensing and Regulation	Manufactured Housing Board	Move activity to other funds - provide for a temporary source of funding for FY 05-06 until fees can be instituted and collected. Assume half year savings.	(42,500)	General Funds
			<b>Savings Subtotal</b>	<b>(3,393,115)</b>	
<b>MAKING TOUGH CHOICES - BELOW THE LINE SAVINGS</b>					
648	Technical and Comprehensive Education	Florence-Darlington - Entrepreneurial Operations Equipment	Use non-recurring dollars instead of General Fund if additional dollars are needed for the center. Otherwise, adjust budget to exclude this one-time expenditure for equipment.	(500,000)	General Funds
1284	Department of Parks, Recreation and Tourism	Pass Through Funds - Canadian Day	Eliminate direct pass through funds - the Myrtle Beach Chamber can compete for TMPP dollars	(85,000)	General Funds

1285	Department of Parks, Recreation and Tourism	Pass Through Funds - Palmetto Bowl	Eliminate direct pass through funds - the 04-05 funds are still unused because there is no assurance the game is coming to SC. The bowl should compete for TMPP dollars.	(380,000)	General Funds
1286	Department of Parks, Recreation and Tourism	Pass Through Funds - Freedom Weekend Aloft	Eliminate direct pass through funds - the festival should compete for TMPP dollars.	(250,000)	General Funds
1377	Department of Labor, Licensing and Regulation	Board of Pyrotechnic Safety	Eliminate board. This board does not satisfy the fundamental requirement for the existence of a regulatory agency.	(35,000)	General Funds
1383	Department of Labor, Licensing and Regulation	Auctioneers Commission	Eliminate board. This board does not satisfy the fundamental requirement for the existence of a regulatory agency.	(150,000)	Other Funds
1387	Department of Labor, Licensing and Regulation	Board of Registration for Foresters	Eliminate board. This board does not satisfy the fundamental requirement for the existence of a regulatory agency.	(45,000)	Other Funds
1389	Department of Labor, Licensing and Regulation	Board of Registration for Geologists	Eliminate board. This board does not satisfy the fundamental requirement for the existence of a regulatory agency.	(65,000)	Other Funds
1392	Department of Labor, Licensing and Regulation	Perpetual Care Cemetery Board	Eliminate board. This board does not satisfy the fundamental requirement for the existence of a regulatory agency.	(50,000)	Other Funds
1476	Clemson PSA	Government and Public Affairs Research and Education	Suspend activity. In such a tight budget year, this activity, which reaches outside Clemson PSA's core mission of agriculture, was not ranked as a priority by the results team. For further explanation, please see text.	(188,989)	General Funds
1484	Clemson PSA	Rural Community Leadership Development	Suspend activity. In such a tight budget year, this activity, which reaches outside Clemson PSA's core mission of agriculture, was not ranked as a priority by the results team. For further explanation, please see text.	(373,298)	General Funds
1500	Clemson PSA	Rural Community Public Issues Education	Suspend activity. In such a tight budget year, this activity, which reaches outside Clemson PSA's core mission of agriculture, was not ranked as a priority by the results team. For further explanation, please see text.	(72,680)	General Funds
1513	Clemson PSA	Community and Economic Affairs Research and Education	Suspend activity. In such a tight budget year, this activity, which reaches outside Clemson PSA's core mission of agriculture, was not ranked as a priority by the results team. For further explanation, please see text.	(159,897)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(2,354,864)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(5,747,979)</b>	

## Improve the Health of Our Citizens

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
1214	Department of Agriculture	Laboratory Services	Reduce activities that are duplicative with DHEC and/or Clemson University (e.g. milk testing).	(60,000)	General Funds
905	Department of Health and Human Services	Pharmaceutical Services	Move from the old (AWP - 10 percent) standard to a more accurate, market-based benchmark to determine Medicaid pharmaceutical reimbursements. For further explanation, see text.	(16,469,779)	General Funds
917	Department of Health and Human Services	Medical Professional Services	Pursue appropriate controls within federal guidelines to ensure chiropractic services are rendered in the most appropriate and effective manner.	(100,000)	General Funds
888, 889, 901, 905, 907, 911, 913	Department of Health and Human Services	Clinic Services, Clinic Administration, Hospital Services, Pharmacy Services, Physician Services, Community Long-Term Care, Home Health Services	Implement High-Cost/High-Risk Recipient Management Program. Claims data reveals that roughly 2% of Medicaid recipients (about 6000 people) account for almost \$200 million in claims annually. Most of these recipients have multiple chronic debilitating illnesses. DHHS will competitively procure a vendor to provide individualized, coordinated health services for this population. This care will augment that provided by the recipient's primary physician. This tailored treatment service system will improve the quality of life for these medically complex individuals, reduce unnecessary hospitalizations and save the state money.	(1,000,000)	General Funds
901	Department of Health and Human Services	Hospital Services	Implement a High-Risk Prenatal Management Program to target pregnant women at risk for poor birth outcomes with appropriate prenatal care interventions. A Request for Information recently requested suggestions on improved education and prevention of low-birth weight babies. From the responses, DHHS is developing an RFP for a vendor to work toward early identification of women who are at risk of having a low birthweight or a premature baby. The vendor will then work with these women through educational and preventative interventions to enhance the likelihood of a healthy delivery. DHHS pays for about 50% of the babies born in SC, and of these costs, 75% of are related to low birth weight or premature deliveries.	(1,000,000)	General Funds
905	Department of Health and Human Services	Pharmaceutical Services	Contract for independent analysis of behavioral health claims data for the purpose of promoting evidence-based best practices in use of behavioral health drugs. Through a public-private partnership with Eli Lilly and Comprehensive NeuroScience, Inc., behavioral health pharmacy claims data will be analyzed to develop profiles for physicians prescribing behavioral health drugs in 15 classes. These physicians will then be targeted for educational messages, peer benchmarking, and peer consultations. Additionally, refills will be tracked so that physicians can be alerted when a patient appears to be non-compliant with their treatment regimen so that appropriate interventions can be done. Experience in 17 other states supports cost-savings expectations.	(1,000,000)	General Funds

905	Department of Health and Human Services	Pharmaceutical Services	Enhance pharmaceutical fraud and abuse detection by using profiling capabilities to identify recipients and providers who may be involved in abusive/fraudulent billing. Potential aberrant or fraudulent patterns by providers can be identified by aggregating recipients identified as having potentially abusive utilization patterns to their providers. The providers' claims can then be analyzed for practice patterns that appear outside the norm for certain drugs subject to abuse.	(500,000)	General Funds
905	Department of Health and Human Services	Pharmaceutical Services	Tighten Coordination of Benefit (COB) process to decrease incorrect submission of claims that occur due to lack of understanding of the process and/or fraud. Incorrect submission of claims can result from a lack of understanding of the Coordination of Benefits process. Through increased provider education, this lack of understanding can be decreased. Additionally, careful review of COB claims may reveal whether the amounts billed to DHHS accurately account for payments received from a primary payer.	(250,000)	General Funds
905	Department of Health and Human Services	Pharmaceutical Services	Prior authorize growth hormone therapies. DHHS spent over \$4 million on growth hormones in FY 2004. Implementation of clinically-based quantity limits will ensure appropriate medication utilization for recipients and will provide cost savings due to the elimination of potential abuse and billing errors.	(250,000)	General Funds
905	Department of Health and Human Services	Pharmaceutical Services	Implement pharmacy Verification of Benefits (VOB) process to confirm the validity and accuracy of provider claims directly with prescribers and/or recipients. Through detailed drug claim analysis, recipients will be targeted to receive VOB letters - possibly including a photograph of specific pills - that will ensure they actually received the prescriptions billed to DHHS. Target recipients will be identified based on claims exceeding a specified dollar amount, claims from selected pharmacies, claims for specific drugs or other data-driven methods. This effort will assist in identifying potential fraud and abuse in the pharmacy program.	(250,000)	General Funds
905	Department of Health and Human Services	Pharmaceutical Services	Decrease erectile dysfunction drug limit from 3 pills/month to 1 pill/month. Federal law provides for funding these drugs but set no minimum standard. While such drugs may be effective, we must set priorities, and there are other serious health concerns that take precedence. A patient may still acquire more than the one pill a month, but they would fund it themselves.	(10,000)	General Funds
945	Department of Health and Human Services	Special Projects	Allocate money through the normal budget process. No outcome measures are listed for the Special Projects activity, which includes the following from Maybank Money, Proviso 73.9: Healthcare Coordination and Utilization Project (\$216,000), Columbia Urban League (\$9,000), Greenville Urban League (\$9,000).	(234,000)	General Funds
1010	Department of Mental Health	Administration	Budget for savings from the Statewide Enterprise Accounting System. DMH has reported that by instituting its new enterprise accounting software program, it has realized \$600,000 in savings through improved accounting processes.	(600,000)	General Funds
1033	Department of Disabilities and Special Needs	Administration	Adjust for administrative savings from restructuring. For further information, see text.	(1,982,222)	General Funds
1010	Department of Mental Health	Administration	Adjust for administrative savings from restructuring. For further information, see text.	(6,279,997)	General Funds

900	Continuum of Care	Administration	Adjust for administrative savings from restructuring. For further information, see text.	(144,722)	General Funds
949	Department of Health and Environmental Control - Environmental Quality Control	Administration	Adjust for administrative savings from restructuring. For further information, see text.	(1,070,107)	General Funds
949	Department of Health and Environmental Control - Health	Administration	Adjust for administrative savings from restructuring. For further information, see text.	(4,576,711)	General Funds
949	Department of Health and Environmental Control	Administration	Adjust for administrative savings from consolidating regional offices and reduction in force.	(1,000,000)	General Funds
1040	Department of Alcohol and Other Drug Abuse Services	Administration	Adjust for administrative savings from restructuring. For further information, see text.	(299,120)	General Funds
	Department of Mental Health	Collections	Increase Rate of Collections by 10% per LAC Report recommendations. This can be done by verifying income for reduced fee patients, using Setoff Debt and GEAR programs and having community mental health centers utilize the lien process against estates like DMH headquarters does.	(840,000)	General Funds
	Department of Health and Environmental Control	Collections	Increase Rate of Collections by 10% per LAC Report recommendations. This can be done by verifying income for reduced fee patients, implementing a uniform billing and collection policy for health districts, and participating in the Department of Revenue's programs for debt collection in health service programs. Currently, DHEC health districts report \$1.8 million in accounts receivable.	(180,000)	General Funds
1021	Department of Disabilities and Special Needs	Service Coordination	Provide funding specific to agency needs and mission. Service coordination is typically provided to individuals who are being served through multiple agencies. According to DDSN, the majority of DDSN's clients are only served through that agency. Therefore, service coordination is less of a high priority for this population relative to funding specifically for direct services.	(350,000)	General Funds
			<b>Savings Subtotal</b>	<b>(38,446,658)</b>	
<b>MAKING TOUGH CHOICES - BELOW THE LINE SAVINGS</b>					
603	Area Health Education Consortium	Library Information Service	Remove the Library Information Service from state funding. While this may be a worthy program, we felt that the function it serves can be met through the two medical school libraries, among other facilities. As with many of the cuts, areas which appeared to be redundant were sacrificed in order to direct more resources toward direct services.	(118,933)	General Funds
987	Department of Health and Environmental Control	Camp Burnt Gin	Move Camp Burnt Gin toward operating as a voluntary private charity. Camp Burnt Gin offers a camping experience for children with complex medical needs. Given the considerable success of voluntary private charitable ventures serving seriously medically ill children in Alabama, Connecticut, Minnesota, North Carolina, and several other states, as well as in South Carolina, we believe Camp Burnt Gin can operate successfully as a similar voluntary private charitable venture.	(180,457)	General Funds
1017	Department of Disabilities and Special Needs	Special Olympics	Make Special Olympics contributions voluntary. Special Olympics offers a pleasant and supportive recreational experience for individuals with disabilities. While this is a noble purpose, it is not as much of a core function of government as ensuring adequate, basic health care for all South Carolinians. Voluntary private donations are admired and encouraged.	(174,175)	General Funds
596	Area Health Education Consortium	Student Development and Diversity Program	Divert Student Development and Diversity Program funds for more core services. This is a well-intended program, but less of a core government function relative to other health services. For further explanation, see text.	(471,096)	General Funds
52	Governor's Office - OEPP	Pass Through Funds	Eliminate pass through funds relating to pass through funds. Training and case management.	(54,176)	General Funds

1492	Clemson PSA	Agro-Medicine (pass-through funds)	Eliminate pass through. Education on farm-related health issues (e.g. pesticide poisoning, insect bites, noise-induced hearing loss).	(177,247)	General Funds
979	Department of Health and Environmental Control	Family Health Centers (pass-through funds)	Eliminate pass through funds. By funding these family health centers through pass through funds, the legislature is limiting DHEC'a ability to allocate funds in the most effective, efficient manner.	(444,603)	General Funds
980	Department of Health and Environmental Control	Family Health Centers Lancaster-Kershaw (pass-through funds)	Eliminate pass through funds. By funding these family health centers through pass through funds, the legislature is limiting DHEC'a ability to allocate funds in the most effective, efficient manner.	(175,738)	General Funds
971	Department of Health and Environmental Control	Kids Count (pass-through funds)	Eliminate pass through. Kids Count pass-through funds to the SC Campaign to Prevent Teen Pregnancy. DHEC already has an extensive program that focuses on family planning as well as it's very extensive maternal and infant health program.D246 Programs like this may be eligible for the competitive grants program.	(42,058)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(1,838,483)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(40,285,141)</b>	

## Improve Protections and Well-being for our Children and Adults

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
210	Budget & Control Board	Kids Count	Reduce only the state funds and direct them to more critical service needs which will still allow this activity to operate adequately, since this activity is mostly funded with other funds, including private dollars from the Casey Foundation and Social Service Block Grants. This state funding supplements \$420,544 in other funds already allocated to this program to support an annual publication called Kids Count and the Successful Children Project. Kids Count has one major activity which is to prepare an annual report on the status of children in SC. This activity is funded with \$420,544 in other funds and \$23,077 in state funds.	(23,077)	General Funds
101	Lieutenant Governor	Summer School of Gerontology	Cut this program to potentially save staff time and training related expenses. This summer school program will end August 2005. The Summer School of Gerontology is an annual training program for direct service providers and professional administrators in South Carolina. Many staff receive necessary certification to maintain their professional knowledge and status. Certification training for staff can be accomplished by attending other aging conferences and seminars.	(80,000)	Other Funds
102	Lieutenant Governor	South Carolina Conference on Aging	Coordinate this conference with others to eliminate duplicative training. This conference is funded by many partners but could be connected to USC Center of Gerontology to avoid holding the Conference on Aging and the Summit on Aging days apart. Both provide training and policy education on issues affecting aging professionals in South Carolina. The Office on Aging is proposing to coordinate these two conferences and potentially the Summer School in one conference annually in partnership with the USC Center on Gerontology.	(45,000)	Other Funds
109	Lieutenant Governor	Local Provider Salary Supplement	Divert salary supplements to non-state aging employees to the Long Term Care Ombudsman. This funding provides salary supplements to non-state employees working for the local aging service providers. With the support of the Office on Aging, we propose that \$310,000 of the \$729,411 currently allocated for these salary supplements are better used to fund investigators for the Office on Aging's Ombudsman program to investigate the rising number of elder abuse and neglect complaints in nursing homes. For further explanation, please see text.	(310,000)	General Funds
1127	Commission for the Blind	Business Enterprise Program	Allow this program to become self-funded as recommended by a 2002 Legislative Audit Council report. This report found that SC is the only state in the region that does not have a set-aside for the BEP which would allow it to become self-funded. A set-aside would take a portion of vendor income after all expenses are paid and use toward the general program costs. In SC, BEP expenditures totaled \$304,415 for FY 2000-01 and total vendor income was \$2,773,718. A set-aside of 11% would have been needed to replace all state funds. The commission is currently developing a best practice proposal of how to make BEP self-funded. For further explanation, please see text.	(229,754)	General Funds

75	Governor's Office - OEPP	Commission on Women	Enter into a public-private partnership with Columbia College to effectively support the research function of this agency. This partnership was implemented upon the recommendation of an Advisory Committee established by the Governor's Office in 2003 to study creative and more effective ways to develop policies and actions to improve the quality of life of women and families in South Carolina. The Advisory Committee also recommended that the funding for the commission be reduced to reflect the additional support provided by Columbia College. For further explanation, please see text.	(75,000)	General Funds
1108	Department of Social Services	Savings in costs of legal services	Realize annual savings at DSS by implementing a plan to phase out the use of contract attorneys which handle cases in family court and use the department's full time attorneys instead. This phase-out will lower costs and give more accountability to the DSS over its family court cases.	(68,000)	General Funds
1108	Department of Social Services	Savings in travel costs	Realize annual savings at DSS in travel costs by implementing distance learning for staff training.	(36,000)	General Funds
838	Vocational Rehabilitation	Administrative Savings	Merge the Vocational Rehabilitation Department and the Commission for the Blind to realize efficiencies and lower costs without adversely affecting the quality of service provided by both agencies as recommended by a 2002 LAC report. Both agencies agree that they have similar primary missions and that a merger of administrative functions is appropriate. For further explanation, please see text.	(495,142)	General Funds
1133	Commission for the Blind	Administrative Savings	Merge the Vocational Rehabilitation Department and the Commission for the Blind to realize efficiencies and lower costs without adversely affecting the quality of service provided by both agencies as recommended by a 2002 LAC report. Both agencies agree that they have similar primary missions and that a merger of administrative functions is appropriate. For further explanation, please see text.	(150,952)	General Funds
			<b>Savings Subtotal</b>	<b>(1,512,925)</b>	
<b>MAKING TOUGH CHOICES - BELOW THE LINE SAVINGS</b>					
1131	Commission for the Blind	Radio Reading Program	This radio program, while worthy, is duplicative of the Talking Book Services program at the State Library, which provides an extensive selection of recorded and large print books and magazines, Braille to persons who are blind or visually-impaired, and postage free home delivery. The Radio Reading Program is also duplicative of other readily available radio and television news outlets that can provide similar information. While we understand this program is valuable to its listeners, we believe this funding is better utilized to support the commission's Prevention of Blindness Program to meet the eye care needs of identified individuals who are among South Carolina's poorest citizens. For further explanation, please see text.	(104,990)	General Funds
108	Lieutenant Governor	McCormick Intergenerational Program	Funding to the McCormick Intergenerational Program is passed through the Office on Aging and is a local special item intended to be a one-time grant to support a volunteer coordinator and fund supplies needed to recruit and train senior citizens to assist students with activities in elementary schools.	(8,841)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(113,831)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(1,626,756)</b>	

## Improve the Quality of our Natural Resources

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
1482	Clemson PSA	Horticultural Crops	Defer to golf course industry for funding golf related turfgrass research. The industry cites the value of this service, and may fund continued research accordingly.	(145,200)	General Funds
1485	Clemson PSA	Recreation and Tourism	Shift funding responsibility for natural resources recreation and tourism education. Continuing education for recreation and tourism professionals should not be funded by Clemson PSA - individuals and private industry would be much more appropriate sources.	(99,547)	General Funds
1499	Clemson PSA	Nuisance Species	Defer nuisance species abatement activities to the private sector. DNR has already done so by maintaining a referral list for incoming requests.	(114,522)	General Funds
1515	Clemson PSA	Pesticide Applicator Licenses	Make pesticide licensure programs self-sufficient, like most licensed professions under LLR. Achieve self-sufficiency of pesticide applicator licensure within two years by providing licenses and renewal online through LLR and extending renewal cycles to the maximum feasible period. This amount represents half of the general funds appropriated for this activity.	(207,080)	General Funds
1236	Department of Natural Resources	Agency Consolidation	Adjust for administrative savings from consolidating select DHEC functions, DNR and Forestry into the newly formed Department of Environment and Natural Resources.	(900,206)	General Funds
1238	Department of Natural Resources	Outreach	Replace General Funds with increased Other Funds from license revenue.	(185,107)	General Funds
1206	Forestry Commission	Agency Consolidation	Administrative savings from consolidating select DHEC functions, DNR and Forestry into the newly formed Department of Environment and Natural Resources.	(440,742)	General Funds
956	Department of Health and Environmental Control	Hunting Island Beach Renourishment	Eliminate one-time funding for Hunting Island Beach renourishment from recurring budget.	(5,000,000)	General Funds
1270	Department of Parks, Recreation and Tourism	State Parks	Competitively source PRT lodging units, restaurants, campgrounds, retail operations, and golf courses.	(1,410,000)	General Funds
1270	Department of Parks, Recreation and Tourism	State Parks	Divert Recreation and Grants Other Funds for State Parks Operations due to a \$1.1 million balance in Parks and Recreation Development Fund.	(1,000,000)	General Funds
1272	Department of Parks, Recreation and Tourism	Recreation and Grants	Transfer grant administration costs from general funds to other funds.	(156,120)	General Funds
1273	Department of Parks, Recreation and Tourism	Engineering	Place a moratorium on contributions to the Recreation Land Trust; the trust currently has a \$1.6 million balance.	(385,000)	General Funds
1282	Department of Parks, Recreation and Tourism	Palmetto Trails	Eliminate general funds for Palmetto Trails, as they may apply for grants through the SYMMS Recreation Trails program which received a \$200,000 increase in federal funds.	(90,820)	General Funds
			<b>Savings Subtotal</b>	<b>(10,134,344)</b>	
<b>MAKING TOUGH CHOICES - BELOW THE LINE SAVINGS</b>					
1474	Clemson PSA	Master Wildlifer/Master Naturalist	Achieve self-sufficiency for Master Wildlifer/Master Naturalist programs through increased efficiency and restructuring fee schedules - it would cost \$150 per user to accomplish self-sufficiency at present.	(114,522)	General Funds

1479	Clemson PSA	Radio Productions	Reevaluate communications strategy to ensure that Extension efforts are focused on the core agricultural constituency. PSA radio productions like "Your Day" and others are a difficult choice when compared to health care, law enforcement, corrections and other critical state functions.	(82,048)	General Funds
1480	Clemson PSA	Television, Web, and Print Productions	Prioritize PSA television and print productions and coordinate outreach with the Department of Agriculture. "Making It Grow" and others are a difficult choice when compared to health care, law enforcement, corrections and other critical state functions.	(1,156,893)	General Funds
1494	Clemson PSA	Environmental Horticulture Education	Achieve self-sufficiency in the Master Gardener program through increased efficiency and restructuring fee schedules - it would cost \$200 per user to accomplish self-sufficiency at present.	(308,056)	General Funds
1498	Clemson PSA	Sustainable Forestry	Integrate PSA forestry efforts with Clemson academic programs and allow the Forestry Commission to perform any outstanding activities if they are a priority. The Forestry Commission already performs similar activities to the sustainable forestry management and environmental enhancement programs. Under this activity, PSA researches and educates landowners on best management practices and offers Master Tree Farmer and Master Woodland Owner programs.	(1,885,723)	General Funds
1511	Clemson PSA	Urban Wildlife	Ask municipalities to address urban wildlife issues through ongoing comprehensive planning efforts. The Department of Natural Resources may be able to offer consulting and planning services to create wildlife habitats in urban areas with input and cost assistance from municipalities.	(28,630)	General Funds
1230	Department of Natural Resources	Mariculture Aquaculture	Reduce mariculture/aquaculture services to only permits and compliance. Allow private industry to fund any necessary research. South Carolina does not realize significant returns on this investment, as our industry cannot compete on a large scale with states like Mississippi and Tennessee and foreign markets. Further, current projects are of questionable value to existing state industry - for example, researching organic shrimp feed for a company in Maryland.	(936,821)	General Funds
965	Department of Health and Environmental Control	Waste Contingency Fund	Ask South Carolina companies that produce hazardous waste to cover the minimal state contribution for the administration of this fund. The waste contingency fund assists in administering the state contribution for federal cleanup projects.	(104,173)	General Funds
1194	Forestry Commission	Enforcement - Timber Theft and Fraud	Consolidate forestry specific law enforcement, dedicated to timber fraud and theft, with DNR law enforcement, as wildlife officers are well positioned to carry out this function.	(170,164)	General Funds
1198	Forestry Commission	Forest Renewal Program Financial Assistance	Discontinue the Forest Management Assistance government subsidy which pays for a portion of replanting the first 100 acres of private lands. Planning services from the Forestry Commission will continue to provide significant assistance in expertise for private landowners.	(200,000)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(4,987,030)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(15,121,374)</b>	

## Improve the Safety of People and Property

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
41	Governor's Office - SLED	Administration	Shift funding for administration of State Law Enforcement Division from general to existing other funds.	(500,000)	General Funds
1059, 1060, 1061, 1067	Department of Public Safety	CMV Safety Inspections, CMV Traffic Enforcement, Size and Weight Enforcement, Dyed Fuel Inspections	Shift funding for Commercial Motor Vehicle (CMV) safety inspections, traffic enforcement, size & weight enforcement and dyed fuel inspection. As these activities benefit the State Department of Transportation with size and weight enforcement and dyed fuel inspection providing direct benefits, we propose funding these activities from the state's ZY Tax (DOT). If so, the state will recognize savings of \$2,913,717 annually in general funds.	(2,913,717)	General Funds
1043, 1044	Department of Public Safety	Office of Justice Programs, Office of Highway Safety	Coordinate the functions of the Office of Highway Safety (OHS) and the Office of Justice Programs (OJP) in a manner that will lead to cross savings opportunities. As an example, with better coordination and centralization regarding the administration of grants, the two offices could achieve savings of \$100,000 annually in general funds.	(100,000)	General Funds
1412	Department of Public Safety	Hwy safety statistical data entry	Consolidate the responsibility of highway statistical data entry between the Department of Public Safety and the Department of Corrections. Currently, the Department of Motor Vehicles is charged with entering highway statistical data for the Department of Public Safety. We propose moving this labor intensive function to the Department of Corrections. Oversight of the inmates should be from DPS, the end user of the data. Implementation of this initiative will result in annual general fund savings of \$113,079.	(113,079)	General Funds
1041	Department of Public Safety	Administration	Consolidate several dispatch offices (Orangeburg, Chester, Gaffney and Sumter) into the new facility at DPS Headquarters in Blythewood. This action will save \$600,000 annually in general funds.	(600,000)	General Funds
1041	Department of Public Safety	Administration	Adjust for rental savings at DPS of \$833,124 in general funds associated with DMV's move to Blythewood facility that will be shared with DPS.	(833,124)	General Funds
1169	Department of Corrections	Penal Facilities Inspection	Reduce staff and expenses to accommodate Code Section 24-9-20 that will result in savings of \$125,000 annually in general funds.	(125,000)	General Funds
New 1155	Department of Corrections	Incarcerate Offenders	Provide Capital Reserve Funding of \$4,400,000 for the agency's freezer and food warehouse to save \$500,000 annually. When coupled with the start up of the Dairy operations, the agency will save \$1,600,000.	(500,000)	General Funds
1160, 1166	Department of Corrections	Recycling Operation, Partnership with Palmetto Pride	Shift funding for the cleanup of the state's roadways by inmates and the Department of Correction's recycling operation to other funds provided by Palmetto Pride - will save \$650,000 annually in general funds.	(650,000)	General Funds
1179	Department of Probation, Parole and Pardon Services	Core Administration	Reduce administrative costs with the consolidation of the Department of Corrections and the Department of Probation, Parole and Pardon Services.	(1,114,633)	General Funds
1190, 1177, 1178,	Department of Juvenile Justice	Parole Board	Combine Parole Boards at the Department of Juvenile Justice (DJJ) and the Department of Probation, Parole and Pardon Services (DPPP). The parole board at DPPP, with seven members and a budget of \$990,394, hears 6,269 cases a year for a per case cost of \$158. The DJJ parole board, with ten members and a budget of \$709,045, hears 1,848 cases per year for a per case cost of \$384 – nearly 250 percent higher. Combining the two boards should save around \$425,000 annually in general funds.	(425,000)	General Funds

1185	Department of Juvenile Justice	Educational Services	Transfer from school districts the local portion of the average cost to educate a student within the respective district to DJJ. Currently, DJJ is required to educate around 1,300 students annually from the state's local school districts. At the same time, local school districts are not obligated to fund this education from local property taxes levied for the education of these students.	(4,527,900)	General Funds
1180	Department of Juvenile Justice	Incarceration Services	Transfer from counties to DJJ the actual costs of detention. Currently, DJJ is allowed to charge \$25.00 for county detention. Actual costs of detention is around \$100.00.	(2,737,500)	General Funds
1241	Department of Natural Resources	Provide registration & titling of watercraft and outboard motors	Move the responsibility of watercraft and outboard motor registration and titling from the Department of Natural Resources to the Department of Motor Vehicles. This will allow the public to have more locations as DMV operates 68 statewide offices versus the five offered by DNR. Also, since we have directed that some DMV offices stay open on Saturday, boat owners will have more flexibility and convenience when registering their boats. Finally, DMV can provide boat licensing and registration at an annual cost of \$300,000 (versus the current cost of \$1,873,491), therefore, the move will provide approximately \$1,573,471 in new boat safety enforcement related to "Drew's Law" for DNR.	(1,573,471)	Other Funds
1409	Department of Motor Vehicles	Administrative Hearings	Transfer the administrative hearings currently conducted by the Department of Motor Vehicles to the Administrative Law Court (ALC). This will save \$253,901 annually in general funds. In addition to these savings, the transfer of the hearings will free DMV staff from a function that is best performed at the Administrative Law Court and that will allow additional DMV staff time to be focused on improving customer wait times and service. While certainly an increase in caseload, DMV administrative cases require less time per case than ALC cases. This, plus our proposal to move \$123,130 in other funds associated with the administrative hearings to the Administrative Law Court should provide adequate funding of this function.	(253,091)	General Funds
1410	Department of Motor Vehicles	Dealer Licensing, Regulation and Enforcement	Move car dealer licensing, regulation, and enforcement to the Department of Labor, Licensing and Regulation. Additionally, we propose that the funding source shift to greater fee and fine income associated with the licensing of dealers.	(652,208)	General Funds
1400	Department of Motor Vehicles	Administration	Adjust for DMV rental savings of \$280,255 in general funds associated with DMV's move to Blythewood facility that will be shared with DPS.	(280,255)	General Funds
1400	Department of Motor Vehicles	Administration	Reduce general funds due to savings associated with DMV's actual revenue for various subfunds exceeding estimated revenue.	(6,000,000)	General Funds
			<b>Savings Subtotal</b>	<b>(23,898,978)</b>	
<b>MAKING TOUGH CHOICES - BELOW THE LINE SAVINGS</b>					
191	Adjutant General's Office	State Guard	Consolidate State Guard expenses to a level where the administrative function of the guard is provided by other staff within the Adjutant General's Office, allowing a reduction of \$193,634 annually in general funds. The State Guard currently consists of 1,270 volunteers that provide logistical support during state emergencies. While certainly important to the state, we feel that the coordinating function associated with this activity could be absorbed by the agency.	(193,634)	General Funds
194	Adjutant General's Office	Funeral Caisson	Fund Funeral Caisson expenses privately, which we proposed in our budget last year, will result in a reduction of \$99,000 annually in general funds.	(99,000)	General Funds
1046	Department of Public Safety	South Carolina Criminal Justice Liaison	Reduce expenses associated the Criminal Justice Liaison, resulting in savings of \$116,530 annually in general funds.	(116,530)	General Funds

1047	Department of Public Safety	Emergency Traffic Management	Reduce general fund expenses associated with Emergency Traffic Management to a level where those groups that utilize services will result in savings of \$330,783 annually in general funds.	(330,783)	General Funds
1064	Department of Public Safety	Public Education	Reduce general fund expenses associated with Public Education from the State Transport Police will result in savings of \$179,010 in general funds.	(179,010)	General Funds
1084	Department of Public Safety	Contractual Services: SC DHEC, Education Lottery, B&CB, Commission for the Blind, Department of Revenue	Reduce Bureau of Public Safety staff and expenses to a level where the full costs of security are provided by those agencies which utilize BPS's services, saving \$200,811 annually in general funds.	(200,811)	General Funds
1085	Department of Public Safety	H.L. Hunley Commission	Reducing law enforcement expenses associated with the H.L. Hunley will result in savings of \$199,659 annually in general funds. We encourage the Hunley Commission to retain the services of local law enforcement or a private security firm to provide for the security of this important state artifact through admission or other revenue associated with the Hunley.	(199,659)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(1,319,427)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(25,218,405)</b>	

## Strengthen Government's Ability to Achieve Its Results Efficiently and Effectively

Activity Number	Agency Name	Activity Name	Rationale	Savings Amount	Source
<b>SAVINGS PROPOSALS</b>					
1414 & 1420	Department of Revenue	Compliance and Technology Services	Delete recurring budget item, as one-time obligation has been met. Funds were for one-time technology expenses associated with enhanced collections in FY 2004-2005.	(3,000,000)	General Funds
1413	Department of Revenue	Collections	Allow the Department to use surplus recurring other funds, while still providing sufficient resources for the project and savings to the general fund. General fund savings result from increased collections from penalties that were allocated to the deployment of the SC Business One-stop project.	(400,000)	General Funds
242	Budget and Control Board	New Ellenton Debt Service	Pay off the remaining debt from the capital fund, have the state take over the sewer system, and then sell or otherwise dispose of the assets. The general fund expenditure for New Ellenton debt service was to cover state guarantees on a local bond that defaulted.	(420,000)	General Funds
	Budget and Control Board	Prepayment of Bonds	Prepay bonds to save debt service. Our state's annual debt service has nearly doubled in the past five years and is estimated to pull \$240 million next year from our funds available for other recurring expenses. With a significant amount of one-time funding at our disposal this year, rather than using it to start new programs, we propose using \$45.3 million from the Capital Reserve Fund to pay down some of the state's outstanding debts and free up recurring dollars for our other needs. Specifically, we recommend using up to \$16 million to retire five Budget and Control Board lease revenue bonds that we have identified in the text and \$29.3 million be applied to the early retirement of State Capital Improvement Bonds and/or State School Facilities Bonds according to the Treasurer's Office analysis of market conditions at the specific date funds become available. The Treasurer's Office has estimated that this will produce \$3.17 million in gross savings and free up \$12.4 million in recurring monies next year.	(12,400,000)	General Funds
819	Lottery Commission	Retailer Commissions	Reduce retailers' lottery commissions from 7% to the approximate national average of 6%. At 6% retailers will still make an average of over \$16,000 per store - 60% more than the initial projections. Sales predictions for the lottery's first year were \$500 million, which would have produced total statewide commissions to retailers of approximately \$35 million. As the lottery sales are now over \$950 million annually, total commissions are over \$66 million. Put another way, retailers signed up to a program that projected average annual commissions of \$10,000 but have been rewarded with average annual commissions over \$19,000 per retailer. Paying retailers the national average commission will free up an estimated \$9.228 million annually that can be used for education in our state.	(9,228,000)	Other Funds
820	Lottery Commission	Other Direct Game Costs	Reduce lottery advertising and giveaways like cd's from 1% of budget to 1/2%.	(3,100,000)	Other Funds

133	State Treasurer's Office	Unclaimed Property Program	Supplement the administrative cost to the Treasurer's office with other funds from the unclaimed property revenue stream. The Unclaimed Property office could implement a 5% fee on claimed property to cover costs. Both Ohio and Texas have implemented such fees.	(288,680)	General Funds
	Statewide	E-Leave System	Implement E-leave system developed by CIO's office. They estimate a statewide cost of \$87,000 and the Board estimates a savings of \$39.58 per employee.	(2,051,431)	General Funds
	Statewide	HR Regulations	Update our HR regulations through the following provisos: 1. Expand the exemptions beyond just cabinet agencies to all employees "two down" from executive director or that make above \$75,000 per year; 2. Limit RIF recall and bumping rights to positions with the same internal title/function as opposed to state classification; 3. Eliminate grievance rights for involuntary reassignments of over 30 miles to allow agencies more flexibility in assigning employees to work in a different work location based on organizational needs. These needed modernizations of our HR regulations will bring us more in line with other states and will reduce many HR related problems, but the budgetary impact is difficult to calculate. However, we are proposing a budget reduction for the following: the average state agency or institution operates with a ratio of one HR staff person to 137 employees. Agencies with a significantly higher ratio of HR to other staff that are not subject to other administrative reductions will have a reduction in HR staff to bring them in line with state government averages.	(1,125,000)	General Funds
223	Budget and Control Board	Facilities Management	Last year we proposed reducing the cleaning service for offices from 5 days a week to 3, in accordance with the service provided to many private businesses and some other state governments. Janitorial services for bathrooms would remain as a daily activity. The Department of Revenue has successfully piloted this program since September - we propose rolling it out statewide so that these resources can be allocated elsewhere.	(1,000,000)	General Funds
	Budget and Control Board	Telephone Cost to Agencies	Adjust for long distance savings instituted in August '04 to be divided amongst all agencies.	(937,707)	General Funds
249, 250,253	Budget and Control Bd - CIO	Data Processing Services- Applications Development, Desktop and Mid Range Server Support, Information Technology Procurement	Reduce the number of FTE's to staffing levels indicated by peer group benchmarks from The Gartner Group's 10/04 Information Technology Overview Assessment of our state's operating efficiency. These savings would be spread to other agencies by reducing rates charged from the CIO's office.	(2,460,391)	General Funds
	Statewide	Data Services	Consolidate and rationalize over 2000 different computer servers spread across state agencies. Standardize operating systems and programs. Reduce maintenance and support budgets commensurately. We estimate this will produce net annual savings of \$3,000,000.	(2,528,225)	General Funds
	Budget and Control Bd - CIO	Internet Access	Make CIO email and internet offerings competitive or contract with another state agency or the private sector for these commodity-type services. The CIO provides email and internet access to 896 state employees at a cost of \$928 annually per person. The CIO's office admits that it doesn't have the scale to offer this service at a competitive price, and that in fact, other agencies, including the CIO of USC, offer similar service for about half this price. Savings were taken from agencies that currently utilize the CIO's service that will be able to cut their base IT cost per employee in half.	(384,192)	General Funds
	Agency by agency	Real Estate Management	Utilize state-owned and leased real estate more effectively to achieve savings, as detailed on a separate spreadsheet.	(1,391,037)	General Funds
266	Budget and Control Board	Veterans Memorial	Adjust budget for '05-'06, as Veterans Memorial was fully funded last year.	(250,000)	General Funds
			<b>Savings Subtotal</b>	<b>(40,964,663)</b>	

<b>MAKING TOUGH CHOICES - BELOW THE LINE SAVINGS</b>					
234	Budget and Control Board	State Engineer	Eliminate office of State Engineer. Use local building inspectors to perform code inspections of all state building projects, preapprove plans, etc. The State Engineer currently performs those functions only because the state declines to submit its agencies to the authority of local building inspectors - a service that is available free of charge in most municipalities. In addition, other services provided by the state engineer, such as administering construction RFP's and contracts, could more efficiently be provided by hiring private sector engineers as owner's representatives for state building projects. Costs for hiring these owner's reps would come from capital funds and would probably be more than offset by savings on construction costs from increased efficiency by having a private sector perspective.	(458,956)	General Funds
215	Budget and Control Board	Training and Development Services	Achieve self-sufficiency through reliance on other funds. Several services offered by the Budget and Control Board are supplemented by general fund dollars but provide direct services to agencies. Any of these areas, especially those that have market competition, should price their services to be self-sufficient. If the cost being charged to the agency was more transparent and truly reflected the cost of the service being provided, the agency should be able to make a business decision to use that service or not.	(608,101)	General Funds
216	Budget and Control Board	Temporary Employment Services	Achieve self-sufficiency through reliance on other funds (See explanation above).	(47,561)	General Funds
217	Budget and Control Board	Recruitment Services	Allow appropriate agencies to absorb this function.	(166,688)	General Funds
218	Budget and Control Board	Workforce Planning	Allow appropriate agencies to absorb this function.	(73,851)	General Funds
260	Budget and Control Board	Executive Education Training	Realize self-sufficiency by operating more efficiently, partnering with educational institutions like the Moore Business school, or through charging the full cost to participants.	(382,907)	General Funds
1435, 1436	Procurement Review Panel	Administration and Hearings	Assign these functions to the Administrative Law Judges as proposed in the FY 2004-2005 Executive Budget.	(110,949)	General Funds
264	Budget and Control Board	Civil Contingent Fund	Cut new dollars to the fund as less than \$7000 was spent from the fund in FY 03-04, and it currently has a balance of over \$170,000, The Civil Contingency Fund is a reserve fund at the Budget and Control Board that is used to help an agency that runs into an expense for which it had not planned or budgeted.	(161,902)	General Funds
			<b>Below the Line Savings Subtotal</b>	<b>(2,010,915)</b>	
			<b>TOTAL GOAL AREA SAVINGS</b>	<b>(42,975,578)</b>	
			<b>TOTAL BUDGET SAVINGS</b>	<b>(159,223,731)</b>	

# Education Lottery Budget

# EDUCATION LOTTERY BUDGET

<u>REVENUES</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<b>Executive Budget FY 2005-06</b>
BEA Revenue Estimate FY 2001-02	80,000,000			
BEA Revenue Estimate	172,000,000	172,000,000	243,000,000	265,000,000
BEA Interest Estimate FY 2003-04		1,000,000		6,000,000
Estimated Carry Forward from Previous Fiscal Year		32,203,683	86,000,000	
Additional Transfer from the Education Lottery Commission		1,800,000		
Limit Retailer Commissions to 6% of Sales				9,228,000
Reduce Advertising to One-Half of 1% of Sales				3,100,000
Unappropriated FY 2004-05 Interest Earnings Estimate				5,000,000
DAODAS Remittance of Unspent FY 2004-05 Appropriation				1,000,000
BEA Unclaimed Prize Estimate	7,000,000	8,000,000	12,000,000	12,000,000
<b>Education Lottery Revenue</b>	<b>259,000,000</b>	<b>215,003,683</b>	<b>341,000,000</b>	<b>301,328,000</b>

<u>APPROPRIATIONS</u>				
CHE - Tuition Assistance Two-Year Institutions	34,000,000	34,000,000	39,750,000	39,750,000
CHE - LIFE Scholarships	40,000,000	40,000,000	92,727,949	101,601,509
CHE - HOPE Scholarships	5,787,600	6,500,000	6,183,017	6,733,904
CHE - Palmetto Fellows Scholarships	5,000,000	5,000,000	11,176,712	15,817,020
CHE - Need-Based Grants	3,000,000	3,000,000	10,438,427	14,375,200
CHE - Administration	192,817	-	-	-
Tuition Grants Commission - Tuition Grants	3,000,000	3,000,000	4,000,000	4,000,000
CHE - National Guard Tuition Repayment Program	1,500,000	1,500,000	1,500,000	250,000
CHE - Endowed Chairs	30,000,000	30,000,000	30,000,000	20,000,000
CHE - Higher Education Excellence Enhancement Program	-	3,000,000	4,700,000	3,000,000
Teacher Grants	2,000,000	2,000,000	2,000,000	1,000,000
Private Historically Black Colleges	3,000,000	-	-	-
South Carolina State Univ. - Research & Technology Grant	3,000,000	3,000,000	-	-
South Carolina State University	-	-	5,500,000	3,000,000
CHE - University Center	-	-	800,000	-

**FY 2005-06 Executive Budget**

CHE - State Electronic Library	-	-	2,000,000	-
Technology: Public 4-Year Univ, 2-Year Inst., & Tech Coll.	21,700,000	12,000,000	14,000,000	12,000,000
SDE - K-5 Reading, Math, Science, & Social Studies Prog	32,915,900	40,000,000	46,500,000	-
SDE - 6-8 Reading, Math, Science, & Social Studies Prog	-	-	2,000,000	-
SDE - Education Accountability Act:	-	-	-	-
EAA - Homework Centers	1,548,440	1,548,440	6,953,864	6,810,000
EAA - Teacher Specialist	14,851,371	11,581,069	26,290,194	-
EAA - Principal Specialist	-	2,270,302	2,426,085	-
EAA - Technical Assistance - Unsatisfactory Schools	-	-	-	6,300,000
EAA - Technical Assistance - Below Average Schools	-	-	-	14,040,000
EAA - Technical Assistance - Allendale School District	-	-	-	1,710,000
EAA - Technical Assistance - Administration	-	-	-	1,350,000
EAA - Pilot Programs	400,000	-	-	-
EAA - External Review Teams	1,466,872	1,466,872	1,466,872	586,800
EAA - Retraining Grants	4,637,000	4,637,000	7,460,500	5,565,000
EAA - Palmetto Gold/Silver Awards	1,000,000	1,000,000	2,000,000	1,000,000
EAA - Principal Mentors	-	-	-	33,135
EAA - Assessment / Testing	-	-	2,717,662	2,925,000
EAA - Report Cards	-	-	971,793	971,793
School Buses	29,000,000	8,000,000	-	8,000,000
High Schools that Work	-	-	500,000	1,000,000
Student Identifier	-	-	488,000	-
Data Collection	-	-	2,048,925	1,049,375
Instructional Materials / Textbooks	-	-	4,867,395	23,459,264
First Steps to School Readiness	-	-	3,000,000	2,000,000
Governor's School for the Arts and Humanities	-	-	1,000,000	-
State Library - Aid to County Libraries	1,500,000	1,500,000	3,000,000	3,000,000
ETV Digitalization	18,500,000	-	-	-
ETV	-	-	1,400,000	-
DAODAS	1,000,000	-	1,000,000	-
<b>Total Lottery Appropriation</b>	<b>259,000,000</b>	<b>215,003,683</b>	<b>340,867,395</b>	<b>301,328,000</b>
<b>Balance</b>	<b>-</b>	<b>-</b>	<b>132,605</b>	<b>-</b>

**One-time Revenue**

# USES OF ONE-TIME REVENUE

## Capital Reserve Fund

<u>Agency</u>	<u>Description/Activity</u>	<u>Amount</u>
<b>Equipment</b>		
Dept. of Corrections	Vehicle, radio and security equipment.	\$ 1,779,500
Dept. of Public Safety	Vehicles and other one-time expenses for new troopers	\$ 3,871,685
SLED	Vehicles, radio and security equipment	\$ 2,000,000
Forestry Commission	Firefighting equipment	\$ 1,100,000
<b>Physical Infrastructure</b>		
Dept. of Corrections	Facility Maintenance	\$ 5,000,000
Dept. of Corrections	Freezer and Food Service Warehouse	\$ 4,400,000
Dept. of Juvenile Justice	Construction of One New Dorm	\$ 2,300,000
Dept. of Juvenile Justice	Major Deferred Maintenance	\$ 525,000
Dept. of Public Safety	Renovation of Main Academy Buildings	\$ 1,400,000
Dept. of Public Safety	One-time costs for the consolidation of the dispatch offices	\$ 200,000
Budget and Control Board	Pay off New Ellenton Debt	\$ 3,916,811
<b>Information Technology Infrastructure</b>		
State Ethics Commission	Electronic Filing System - one-time costs	\$ 300,000
Dept. of Archives and History	Public Internet Access - archival services	\$ 215,000
Budget & Control Board	Enterprise Project - statewide accounting system	\$ 5,500,000
Budget & Control Board	IT Study for statewide server consolidation	\$ 400,000
Department of Juvenile Justice	Information Technology Upgrades	\$ 2,646,000
Dept. of Motor Vehicles	Set-up costs to handle DNR titling and registration functions	\$ 450,000
Dept. of Social Services	Automation of of child support enforcement system	\$ 11,500,000
<b>Trust Fund Repayment</b>		
Insurance Reserve Fund	Partial restoration of funds diverted in recent years	\$ 6,552,030
<b>Repayment of Bonds</b>		
Treasurer's Office	Repayment of various real estate & general obligation bonds	\$ 45,300,000
<b>Total Expenditures</b>		<b>\$ 99,356,026</b>

## FY 2004-05 Certified Surplus

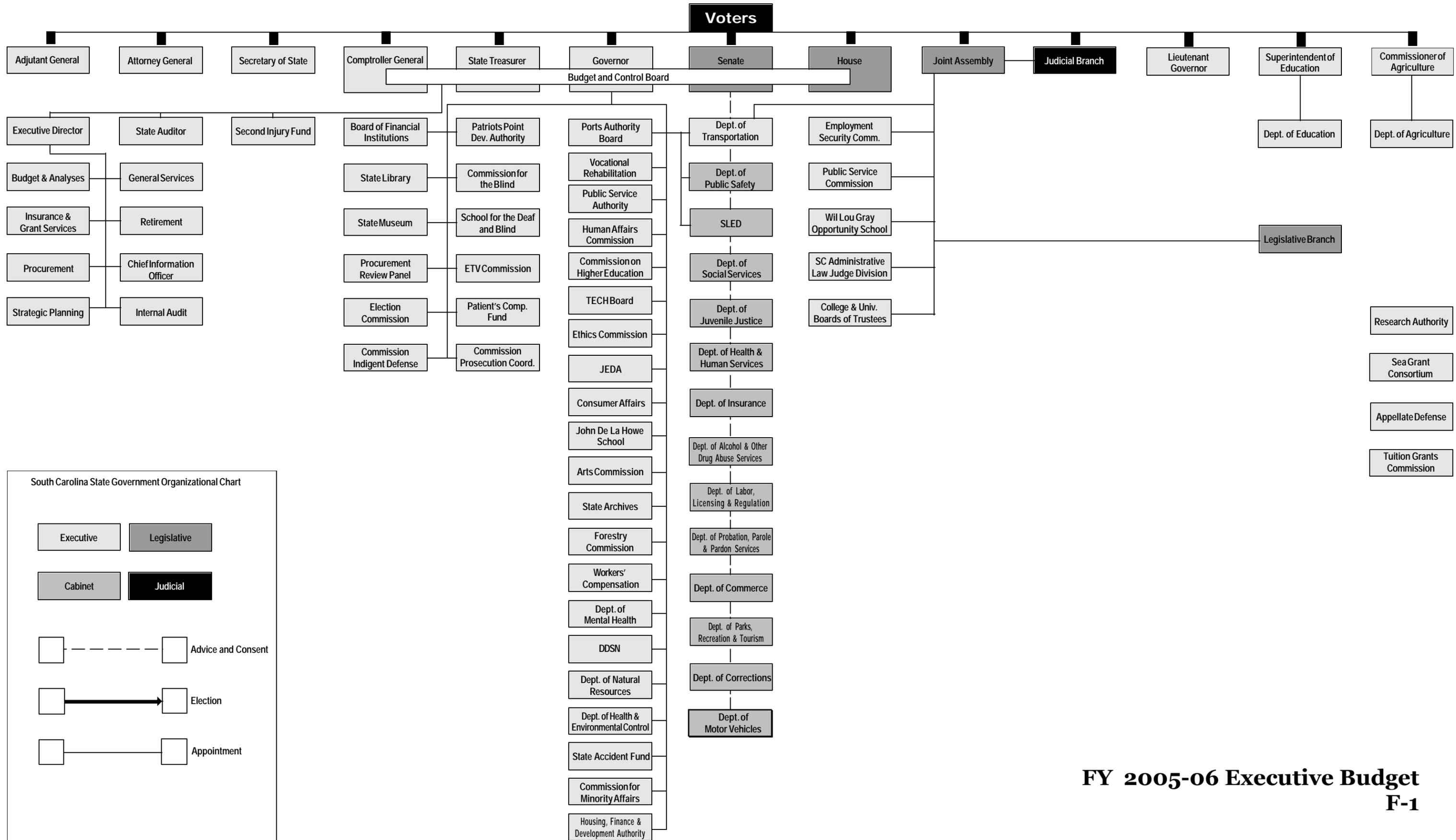
General Reserve Fund	Final payment to fully restore this important "rainy day fund"	\$	28,333,866
General Fund Appropriations	Spending for recurring and non-recurring budget items	\$	45,572,300
Income Tax Reduction	To provide for a first year reduction to 6.75%	\$	7,000,000
Barnwell Trust Fund	Partial restoration of funds raided in recent years	\$	25,000,000
Pinewood Trust Fund	Complete repayment of funds raided in 2002	\$	942,290
Insurance Reserve Fund	Partial restoration of funds diverted in recent years	\$	<u>2,113,041</u>
<b>Total Expenditures</b>		<b>\$</b>	<b>108,961,497</b>

## FY 2005-06 Maybank Money

All funds collected are dedicated to restoring the reserves at the State Health Plan.

# Organizational Charts

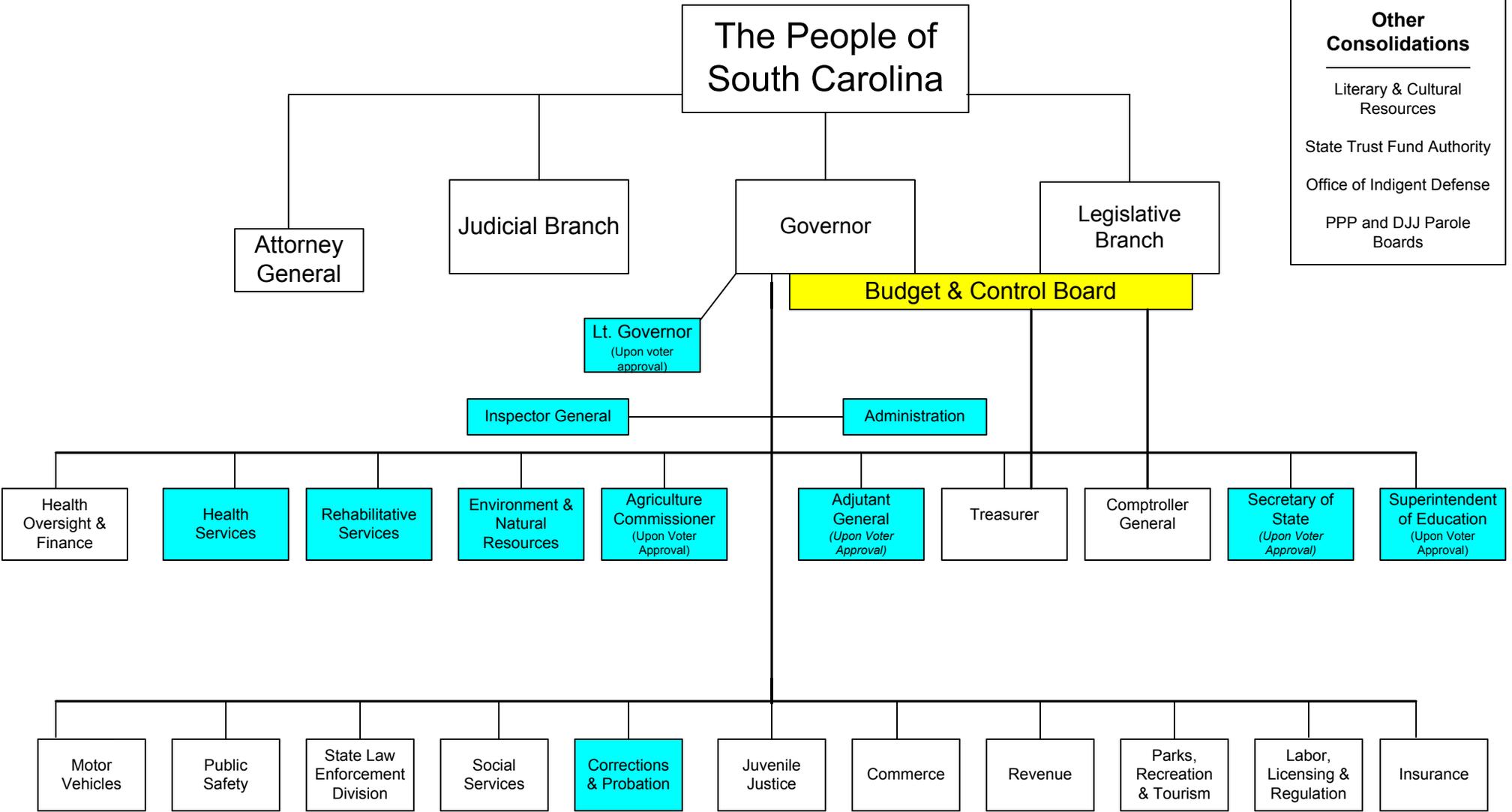
# Current Structure of State Government



# Governor Sanford's Proposed Changes to the Structure of South Carolina State Government

**Other Consolidations**

- Literary & Cultural Resources
- State Trust Fund Authority
- Office of Indigent Defense
- PPP and DJJ Parole Boards



Newly Restructured Agencies/Offices

# Proposed Realignment of Agency Functions

## Department of Health Oversight and Finance

Rename Department of Health and Human Services to DHOF

Lead agency for Medicaid oversight and finance of Medicaid expenditures.

## Department of Environment and Natural Resources

Division of Environmental Protection (formerly environmental programs at DHEC)

Division of Natural Resources (formerly Department of Natural Resources)

Division of Forestry (formerly South Carolina Forestry Commission)

## State Parole Board

DJJ and PPP Parole Boards combined.

## Department of Health Services

Division of Public Health (formerly health programs at DHEC)

Division of Mental Health (formerly Department of Mental Health)

Continuum of Care for Emotionally Disturbed Children moved from the Governor's Office to DMH.

Division of Disabilities and Special Needs (formerly Department of Disabilities and Special Needs)

Division of Addiction Services (formerly DAODAS)

## Department of Corrections and Probation

Division of Corrections (formerly the Department of Corrections)

Division of Probation, Pardon, and Parole Services (formerly PPP)

## Office of Indigent Defense

Division of Indigent Defense (formerly Office of Indigent Defense)

Division of Appellate Defense (formerly Office of Appellate Defense)

## Department of Rehabilitative Services

Division of Vocational Rehabilitation (formerly Vocational Rehabilitation Department)

Division for the Blind (formerly Commission for the Blind)

## State Department of Education

Transfer powers of State Board of Education to Superintendent of Education

ETV

Wil Lou Gray Opportunity School

School for the Deaf and Blind

John de la Howe School

Governor's School for Science and Mathematics

Governor's School for the Arts and Humanities

# Proposed Realignment of Agency Functions

**Department of Commerce**

Department of Commerce

Office of Local Government (formerly in the B&CB)

Workforce Investment Act

**Department of Literary and Cultural Resources**

Department of Literary and Cultural Resources Board

Division of Archives and History (formerly the Department of Archives and History)

S.C. Institute of Archeology and Anthropology (formerly at University of South Carolina)

Division of the Arts (formerly the Arts Commission)

State Library

State Museum

**Department of Administration**

Director appointed by Governor, advice and consent from the Senate.

Office of General Services (formerly B&CB)

Office of Human Resources (formerly B&CB)

Employee Insurance Program (formerly B&CB)

Energy Office (formerly B&CB)

Division of Procurement Services (formerly B&CB)

Division of Internal Audit and Performance Review (formerly B&CB)

Research and Statistics [excluding Digital Cartography and Precinct Demographics] (formerly B&CB)

One-half of the Executive Director's Office (formerly B&CB)

One-half of the Internal Operations Office (formerly B&CB)

Governor's Office of Executive Policy and Programs [excluding Guardian ad Litem and Continuum of Care and State Ombudsman]

Division of the State Chief Information Officer (formerly B&CB)

**Budget and Control Board**

Office of State Budget

Board of Economic Advisors

South Carolina Retirement System

Office of State Auditor

Office of Research and Statistics - Digital Cartography, Precinct Demographics

Confederate Relic Room & Museum

½ of Internal Operations

½ of Office of Executive Director

**State Trust Fund Authority**

State Accident Fund

Insurance Reserve Fund (formerly B&CB)

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